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FCW HOLDINGS BERHAD 3116-K

2011 ANNUAL REPORT

FCW HOLDINGS BERHAD
3116-K

2011 annual report

Contents

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the Fifty-Sixth Annual General Meeting of the shareholders of the Company will be held at Bukit Kiara Equestrian and Country Resort, Dewan Berjaya Room, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Thursday, 15 December 2011 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions:-

AGENDA

1. To lay before the meeting the Audited Financial Statements of the Group and the Company for the financial year ended 30 June 2011 together with the Reports of the Directors and Auditors thereon. **Please refer Explanatory Note A**

2. To approve the payment of Directors' fees in respect of the financial year ended 30 June 2011. **Ordinary Resolution 1**

3. To re-elect the following Directors retiring in accordance with Article 85 of the Company's Articles of Association:

   (a) Dato' Ismail Bin Hamzah; and **Ordinary Resolution 2(a)**
   (b) Mr Thor Poh Seng **Ordinary Resolution 2(b)**

4. To re-appoint Tan Sri Dato' Tan Hua Choon as Director of the Company pursuant to Section 129(6) of the Companies Act, 1965 and to hold office until the conclusion of the next Annual General Meeting of the Company. **Ordinary Resolution 3**

5. To appoint Messrs Baker Tilly Monteiro Heng (AF: 0117) as Auditors of the Company and to authorise the Directors to fix their remuneration.

   Notice of nomination pursuant to Section 172 (11) of the Companies Act, 1965, a copy of which is annexed to the Company's Annual Report 2011 and marked "Annexure A", has been received by the Company for the nomination of Messrs Baker Tilly Monteiro Heng (AF: 0117), who have given their consent to act, for appointment as Auditors of the Company and the intention to propose the following ordinary resolution:-

   "**THAT** Messrs Baker Tilly Monteiro Heng (AF: 0117) be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young (AF: 0039), to hold office until the conclusion of the next Annual General Meeting at a remuneration to be determined by the Directors." **Ordinary Resolution 4**

6. **As Special Business**

   To consider and, if thought fit, to pass with or without modifications, the following resolution as a Special Resolution:-

   PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

   "**THAT** the Articles of Association of the Company be and are hereby altered, modified, added and deleted in the form and manner as set out in **APPENDIX I** to the Notice of Annual General Meeting in the Company's Annual Report 2011". **Special Resolution**

7. To transact any other business of which due notice shall have been given in accordance with the Companies Act, 1965.

Notice of Annual General Meeting (continued)

By Order of the Board

Loh Poh Wah (MAICSA: 7047338)
Secretary

Kuala Lumpur
23 November 2011

Notes:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (but not more than two) to attend and vote instead of him. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment(s) shall be invalid.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

3. The Proxy Form shall be deposited with the Company's Registered Office at No. 8, 3rd Floor, Jalan Segambut, 51200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

Explanatory Note A

This Agenda item is meant for discussion only as under the provisions of Section 169(1) of the Companies Act, 1965, the audited financial statements do not require formal approval of shareholders and hence, the matter will not be put forward for voting.

Explanatory Note on Special Business

- **Special Resolution in relation to Proposed Amendments to the Articles of Association of the Company**

  The Proposed Special Resolution to amend the Company's Articles of Association is to align the Company's Articles of Association with the provisions of prevailing statute to ensure compliance and to facilitate the payment of dividend, interest or any money payable to the shareholders' via electronic payment in line with Electronic Dividend Payment (eDividend) implemented by Bursa Malaysia Securities Berhad.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION OF THE COMPANY

Details of the existing article to be amended and the amended version (new insertions underlined) are as follows:-

EXISTING ARTICLE	PROPOSED AMENDMENT
Article 151 Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant, sent through the post directed to the registered address of the holder. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant shall operate as a good discharge to the Company in respect of the money represented thereby, notwithstanding that it may subsequently appear that the same has been stolen or that the endorsement thereon has been forged. Every such cheque or warrant shall be sent at the risk of the person entitled to the money thereby represented.	**Article 151** Any dividend, interest or other money payable in cash in respect of shares may be paid by cheque or warrant, sent through the post directed to the registered address of the holder <u>or by direct electronic transfer to the bank account of the holder whose name appears in the Register or Record of Depositors</u>. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent, and the payment of any such cheque or warrant <u>or direct electronic transfer</u> shall operate as a good <u>and full</u> discharge to the Company in respect of the money represented thereby, notwithstanding that it may subsequently appear that the <u>cheque or warrant</u> ~~same~~ has been stolen or that the endorsement thereon has been forged <u>or that there is discrepancy in the bank account details of the holder</u>. Every such cheque or warrant <u>sent or payment made by direct electronic transfer</u> shall be ~~sent~~ at the risk of the person entitled to the money thereby represented.

Annexure A

Tan Sri Dato' Tan Hua Choon
13, Persiaran Bukit Tunku
Bukit Tunku
50480 Kuala Lumpur

Date: 10 November 2011

THE BOARD OF DIRECTORS
FCW HOLDINGS BERHAD
No. 8-3, Jalan Segambut
51200 Kuala Lumpur

Dear Sirs,

NOMINATION FOR APPOINTMENT OF MESSRS BAKER TILLY MONTEIRO HENG (AF: 0117) AS THE AUDITORS OF FCW HOLDINGS BERHAD ("THE COMPANY")

Pursuant to Section 172(11) of the Companies Act, 1965, I, being a shareholder of the Company, hereby give notice of my intention to nominate Messrs Baker Tilly Monteiro Heng (AF: 0117) for appointment as Auditors of the Company to replace the retiring Auditors, Messrs Ernst & Young (AF: 0039) and to propose the following as an ordinary resolution to be tabled at the forthcoming Fifty-Sixth Annual General Meeting of the Company:

"THAT Messrs Baker Tilly Monteiro Heng (AF: 0117) be and are hereby appointed as Auditors of the Company in place of the retiring Auditors, Messrs Ernst & Young (AF: 0039), to hold office until the conclusion of the next Annual General Meeting of the Company at a remuneration to be determined by the Directors."

Yours faithfully,

Tan Sri Dato' Tan Hua Choon

Corporate Information

BOARD OF DIRECTORS

Tan Sri Dato' Tan Hua Choon	Chairman, Non-Independent Non-Executive Director
Dato' Ismail Bin Hamzah	Independent Non-Executive Director
Mr Ong Bing Yap	Executive Director
Mr Thor Poh Seng	Non-Independent Non-Executive Director
Mr Lee Yu-Jin	Independent Non-Executive Director
Ms Lim Lai Sam	Non-Independent Non-Executive Director

AUDIT COMMITTEE
Dato' Ismail Bin Hamzah (*Chairman*)
Mr Thor Poh Seng
Mr Lee Yu-Jin (*MIA*)

NOMINATION COMMITTEE
Tan Sri Dato' Tan Hua Choon
Dato' Ismail Bin Hamzah
Mr Lee Yu-Jin

REMUNERATION COMMITTEE
Tan Sri Dato' Tan Hua Choon
Mr Thor Poh Seng

SENIOR INDEPENDENT NON-EXECUTIVE DIRECTOR
Dato' Ismail Bin Hamzah
Fax : (603) 4043 6750

COMPANY SECRETARY
Ms Loh Poh Wah (MAICSA: 7047338)

REGISTERED OFFICE
No. 8, 3rd Floor
Jalan Segambut
51200 Kuala Lumpur
Tel: (603) 6195 1600
Fax: (603) 4043 6750

PRINCIPAL BANKERS
Malayan Banking Berhad
RHB Bank Berhad
OCBC Bank (Malaysia) Berhad

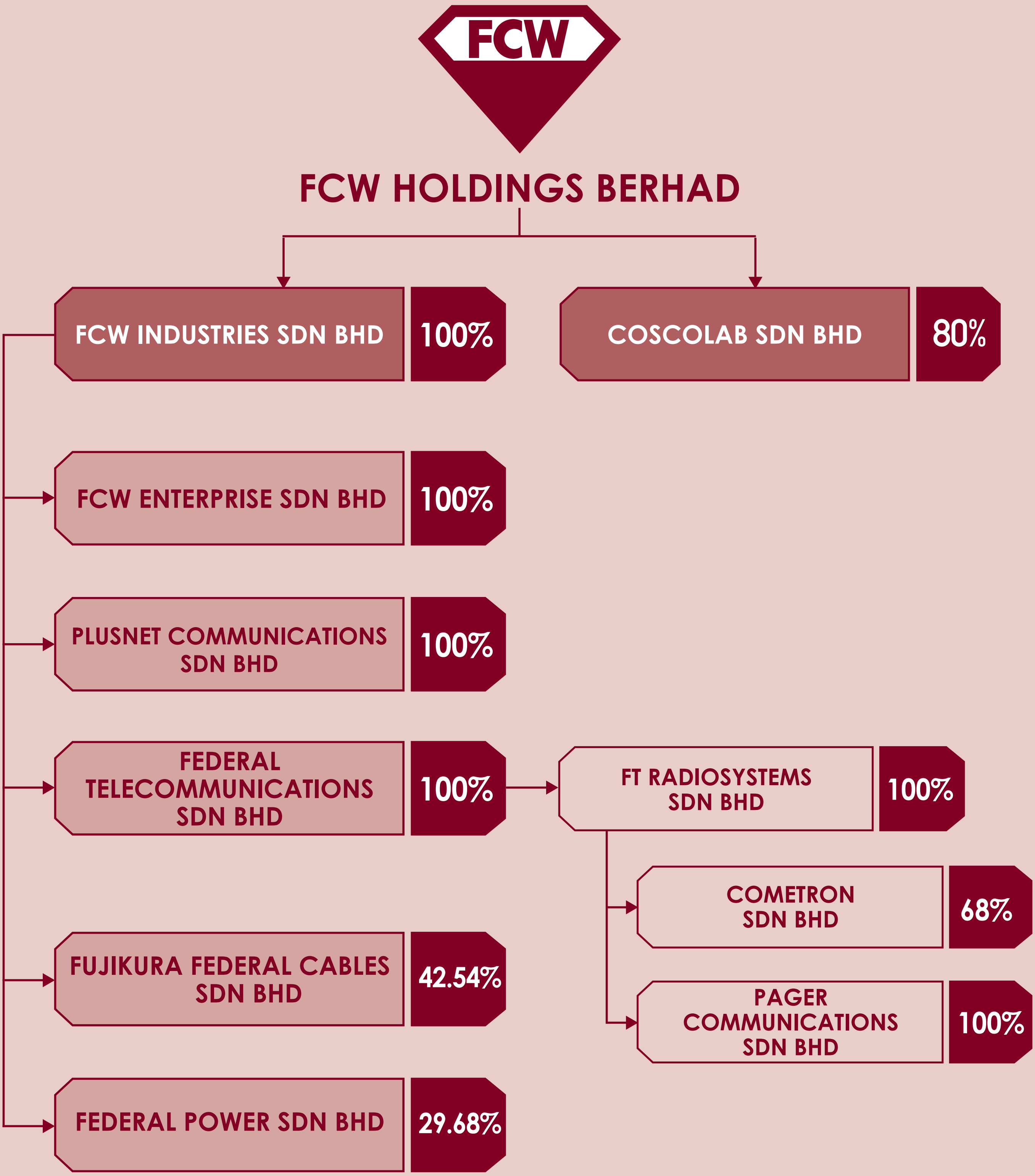
REGISTRARS
Shareworks Sdn Bhd
No. 10-1, Jalan Sri Hartamas 8
Sri Hartamas, 50480 Kuala Lumpur
Tel: (603) 6201 1120
Fax: (603) 6201 3121

AUDITORS
Messrs Ernst & Young (*Chartered Accountants*)
Level 23A, Menara Milenium
Jalan Damanlela
Pusat Bandar Damansara
50490 Kuala Lumpur
Tel : (603) 7495 8000
Fax : (603) 2095 9076

STOCK EXCHANGE LISTING
Bursa Malaysia Securities Berhad Main Market
Stock Name: FCW
Stock Code: 2755

WEBSITE
www.fcw.com.my

Corporate Structure



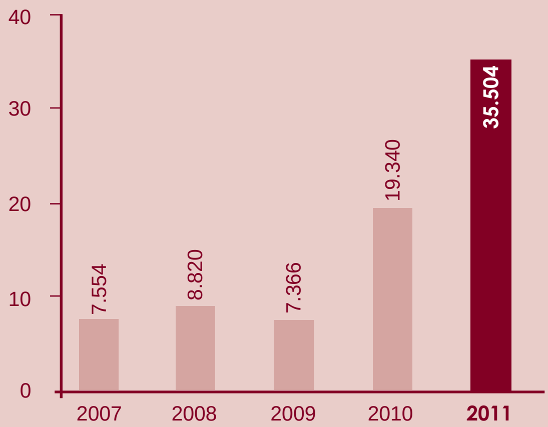
Note: Companies which are dormant or which have ceased operations are excluded.

Financial Highlights

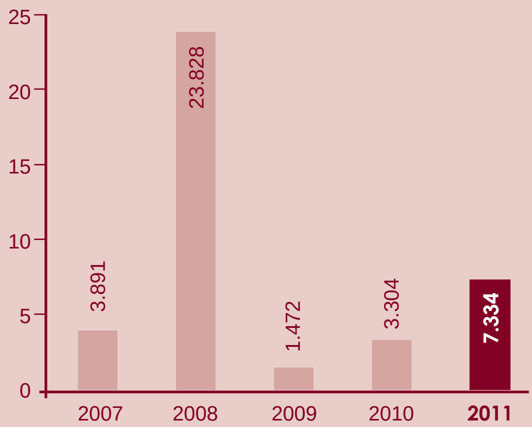
		2007 RM Million	2008 RM Million	2009 RM Million	2010 RM Million	**2011 RM Million**
Revenue		7.554 *	8.820	7.366	19.340	**35.504**
Profit Before Tax		3.891	23.828	1.472	3.304	**7.334**
Profit After Tax and Minority Interest Attributable to Shareholders		4.019	23.841	1.482	2.368	**11.138**
Dividends - Net		-	-	-	-	**-**
Shareholders' Funds		27.542	121.054	122.536	124.904	**135.517**
Earnings Per Share Based on Profit After Tax and Minority Interest (sen)	Basic	1.44	10.07	0.76	1.21	**5.71**
	Diluted	1.44	9.73	0.74	1.15	**5.36**
Net Tangible Assets per Share (sen)		10	62	63	64	**69**
Dividend Rate		-	-	-	-	**-**

* Figures have been restated to reflect the prior year adjustment in respect of the accrual for certain holding costs incorrectly taken up in prior years.

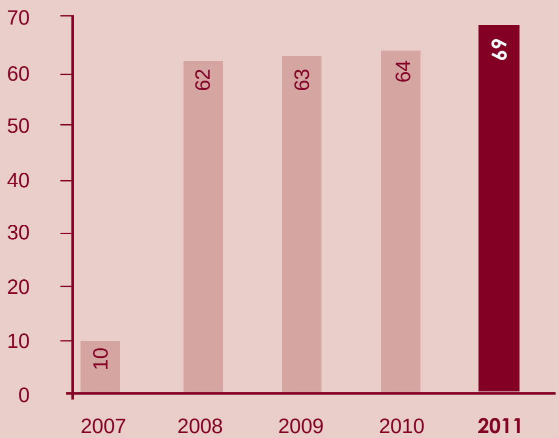
REVENUE (RM MILLION)



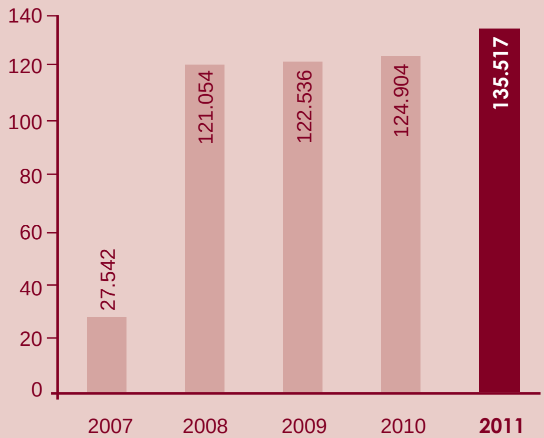
PROFIT BEFORE TAX (RM MILLION)



NET TANGIBLE ASSETS PER SHARE (SEN)



SHAREHOLDERS' FUNDS (RM MILLION)



Directors' Profile

Tan Sri Dato' Tan Hua Choon

Aged 70, Malaysian

Chairman, Non-Independent Non-Executive Director

Tan Sri Dato' Tan was appointed as Director and Chairman of the Board on 26 January 1999 and 16 February 2000 respectively. On 21 February 2002, he was appointed to the Board's Nomination Committee and Remuneration Committee.

A self-made businessman with vast experiences in various fields and industries, Tan Sri Dato' Tan has been involved in a wide range of businesses which include manufacturing, marketing, banking, shipping, property development and trading.

He has also built-up investments in numerous public listed companies and is currently the Chairman of the Board of Jasa Kita Berhad, GPA Holdings Berhad, Keladi Maju Berhad, Malaysia Aica Berhad, Marco Holdings Berhad, PDZ Holdings Bhd and Goh Ban Huat Berhad.

Dato' Ismail Bin Hamzah

Aged 65, Malaysian

Independent Non-Executive Director

Dato' Ismail was appointed as Director and Chairman of the Audit Committee on 1 January 2002. He is also the Senior Independent Non-Executive Director of the Company and a member of the Board's Nomination Committee. Dato' Ismail graduated from the University of Malaya in 1970 with a Bachelor of Economics (Hons) in Analytical Economics. He held many key positions in governmental agencies, and has many years of experience in various aspects from economics to finance. Dato' Ismail also serves on the board of GUH Holdings Berhad, PDZ Holdings Bhd, Engtex Group Berhad and SCC Holdings Berhad.

Ong Bing Yap

Aged 61, Malaysian

Executive Director

Mr Ong was appointed to the Board of the Company on 1 November 1999 and had served as a member of the Audit Committee from May 2000 to January 2002. He holds a Diploma in Education from the Technical Teachers Training College. Besides having a few years of experience in teaching, he has accumulated many years' of experience in the industrial engineering industry since joining the Jasa Kita Group of Companies in 1978. He also sits on the Board of Jasa Kita Berhad and United Bintang Berhad.

Thor Poh Seng

Aged 51, Malaysian

Non-Independent Non-Executive Director

Mr Thor was appointed to the Board of the Company on 26 January 1999 and has been a member of the Audit Committee since January 2000. He was also appointed to the Remuneration Committee on 21 February 2002.

Mr Thor holds a Bachelor of Engineering degree from University Pertanian Malaysia (now known as University Putra Malaysia) and a Master's degree in Business Management from the Asian Institute of Management, Philippines.

Mr Thor was an ex-merchant banker from Commerce International Merchant Bankers Berhad (now known as CIMB Investment Bank Berhad) ("CIMB") with extensive experience in corporate finance and corporate planning. Prior to joining CIMB, he has held senior positions in operations and in finance in Dunlop Estates Berhad and Sitt Tatt Berhad respectively. He is also Director of Malaysia Aica Berhad, Keladi Maju Berhad, PDZ Holdings Bhd, Marco Holdings Berhad, Jasa Kita Berhad, GPA Holdings Berhad, Computer Forms (Malaysia) Berhad and Goh Ban Huat Berhad.

Directors' Profile (continued)

Lee Yu-Jin
Aged 44, Malaysian
Independent Non-Executive Director

Mr Lee was appointed as Director of the Company and as a member of the Audit Committee on 1 January 2002. He is also a member of the Board's Nomination Committee. He graduated from University of Manchester, U.K. with a Bachelor of Arts (Honours) in Economics and is also a Member of the Institute of Chartered Accountants in England and Wales and the Malaysian Institute of Accountants. Prior to joining FCW, he has held senior positions in finance, accounting and banking. He also sits on the Board of Malaysia Aica Berhad, United Bintang Berhad and several private companies.

Presently, Mr Lee is the Chief Financial Officer of Computer Forms (Malaysia) Berhad.

Lim Lai Sam
Aged 47, Malaysian
Non-Independent Non-Executive Director

Ms Lim was appointed as Director of the Company on 26 January 1999 and had served as a member of the Audit Committee from January 2000 to January 2002. She is an Associate Member of the Institute of Chartered Secretaries and Administrators, U.K. She was appointed as Company Secretary of various public-listed companies and has further accumulated many years of experience in the corporate sector.

Additional Information on members of the Board

- There is no other family relationship among the Board members and the major shareholders of the Company.
- As at to-date, there has not been any occurrence of conflict of interest between any member of the Board and the Company.
- None of the Board members have been convicted of any offence within the past 10 years, other than traffic offences, if any.
- The attendance of the Directors at Board Meetings of the Company held during the financial year is set out in page 14 of this Annual Report.

Chairman's Statement

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of FCW Holdings Berhad and of the Group for the financial year ended 30 June 2011.

Financial Review

For the financial year ended 30 June 2011, the Group achieved revenue of RM35.5 million compared with the previous financial year's revenue of RM19.3 million, an increase of 84%. Profit before tax increased to RM7.3 million from the previous year's profit before tax of RM3.3 million, whereas profit after tax was RM11.7 million versus RM2.4 million achieved in the previous financial year. Correspondingly, earnings per share improved to 5.71 sen from the previous year's 1.21 sen.

Performance Review

Property rental and contract manufacturing of cosmetics and toiletry products, through our 80%-owned subsidiary Coscolab Sdn Bhd, continued to be the main contributors to the Group's turnover in the financial year under review. Property rental generated RM6.2 million (2010: RM5.3 million) in revenue whereas revenue from the contract manufacturing business amounted to RM29.3 million (2010: RM13.7 million). These businesses contributed RM5.7 million (2010: RM4.9 million) and RM2.5 million (2010: RM1.0 million) to profit before tax respectively in the financial year under review. During the same period, the telecommunication business was phased out as the Group exited this business due to low margins.

Apart from the contributions from the subsidiaries' operations, the improvement in the Group results over the previous year was also attributed to income tax benefit for the year amounting to RM4.4 million (2010: income tax expense of RM0.9 million) arising mainly from the recognition of deferred tax assets from unutilised tax losses.

On the other hand, the improvement in the Group results were mitigated by a higher share of loss arising from the operations of our associate company, Fujikura Federal Cables Sdn. Bhd. Our share of the associate company's loss for the financial year was RM1.8 million as compared with the share of loss of RM1.5 million in the previous financial year.

Chairman's Statement (continued)

Prospects

Going forward, the Group expects higher contribution from the contract manufacturing business as sales are expected to increase through securing of new contracts and customers, launching of new products and expansion of production capacity.

Performance of the property rental business will remain stable in the coming financial year as the existing tenancy agreements continue to be in force and the property investment will also enable FCW to benefit from any future capital appreciation of the land.

The prospects of the associate company, which is in the cables business, remain challenging in the coming financial year in view of keen competition in the industry and are dependent on the performances of the local and export economies.

Dividends

No dividend has been declared or recommended for the financial year ended 30 June 2011.

Appreciation

On behalf of the Board, I wish to thank the management team and staff for their contribution, commitment and loyalty, and to all our valued customers, suppliers, business associates, bankers and most importantly, our shareholders, thank you for your continued support and confidence in the Group.

Tan Sri Dato' Tan Hua Choon
Chairman

Corporate Governance Statement

The Board of Directors of FCW Holdings Berhad fully subscribes to and supports the spirit of the Malaysian Code On Corporate Governance ("the Code") and is committed to ensuring that the principles and best practices of the Code are observed and practiced throughout the Group in the pursuit of discharging its roles and responsibilities to protect the shareholders' interests and enhance the financial performance of the Group.

The Board is pleased to report that the Group had substantially complied with the Code throughout the financial year ended 30 June 2011. Nevertheless, ongoing reviews will be carried out from time to time to reassess and refine the governance framework towards further enhancing the Groups' performance and corporate accountability.

Set out below are details of how the Group has applied the principles and complied with the best practices outlined in the Code as required under the Bursa Malaysia Securities Berhad ("Bursa Securities") Main Market Listing Requirements ("MMLR").

A. BOARD OF DIRECTORS

i) The Board

The Board of Directors of FCW Holdings Berhad has within it individuals drawn from varied professions and specialisation in the fields of management, marketing, trading, administration, finance and accounting. Together with the Management, they collectively bring a diverse range of skills and expertise to effectively discharge their responsibilities towards achieving the Group's business strategies and corporate goals.

ii) Board Balance

Presently, the composition of the Board comprises six members with one Executive Director and five Non-Executive Directors (including the Chairman), two of whom are Independent Non-Executive Directors. With this Board composition, the Company fully complies with the MMLR with regard to the constitution of the Board of Directors and the required ratio of independent Directors, as well as the requirement for a Director who is a member of the Malaysian Institute of Accountants to sit on the Audit Committee. The profiles of each Board member are set out in pages 9 to 10 of this Annual Report.

The Board considers its current composition with the mix of skills and expertise sufficient and optimum to discharge its duties and responsibilities effectively.

There is clear segregation of responsibility between the Chairman of the Board and the Executive Director to ensure that there is a balance of power and authority in the Group:

- The Non-Executive Chairman is primarily responsible for the effectiveness and proper conduct of the Board; while

- The Executive Director has the responsibility of implementing the policies and decisions of the Board, overseeing as well as coordinating the development and implementation of business and corporate strategies.

The Non-Executive Directors participate in areas such as establishment of policies and strategies, performance monitoring as well as improving governance and control and are independent of management and have no relationships which could materially interfere the exercise of their independent judgment so as to ensure that the interests of not only the Group, but also the stakeholders and the public in general are represented.

Corporate Governance Statement (continued)

A. BOARD OF DIRECTORS (continued)

iii) Board of Directors' Meeting

The Board members meet to review and discuss matters specifically reserved to itself for decision to ensure that the direction and control of the Group is firmly in its hands. Key matters tabled at Board meetings include review and adoption of the Group's quarterly and year end financial results, business plans, annual budget, assets acquisition, considerations of major capital expenditure projects and consideration of significant financial matters, Group policies and delegated authority limits.

The Executive Director chairs the Group's management meetings wherein operational details and other issues are discussed and considered. Apart from the management meetings, the Executive Director also holds informal meetings with the other members of the Board whenever necessary.

There were two official Board Meetings held during the reporting financial year with full attendance of the Directors.

iv) Board Committees

The Board has delegated specific functions to its three Committees; namely the Audit, Nomination and Remuneration Committees which operate under their respective clearly defined terms of reference. These Committees, which do not have executive powers, will deliberate and examine particular issues and report to the Board with their recommendations. The ultimate responsibility for the final decision, however, lies with the Board.

Audit Committee

Details of the Audit Committee are set out in the Audit Committee Report on pages 21 to 24 of this Annual Report.

Nomination Committee

The Board's Nomination Committee, which was established on 21 February 2002 and comprising three Non-Executive Directors, two of whom are independent, is tasked with the responsibility of recommending to the Board, suitable candidates for appointment as Directors and to fill the seats on Board Committees wherever necessary.

It will also carry out the process of assessing the effectiveness of the Board as a whole, the Board Committees and the contribution of each individual Director. All assessments and evaluations carried out were properly documented.

Decision on appointments of new Directors is made by the Board on a collective basis after considering recommendations of the Nomination Committee.

The Nomination Committee will assist the Board to review annually its required mix of skills, experience and other qualities, including core competencies which the Non-Executive Directors should bring to the Board.

The present members of the Nomination Committee are:-

1) Tan Sri Dato' Tan Hua Choon –Non-Independent Non-Executive Director
2) Dato' Ismail Bin Hamzah – Independent Non-Executive Director
3) Mr Lee Yu-Jin - Independent Non-Executive Director

There was one Nomination Committee meeting held during the reporting financial year with full attendance of all its members.

Corporate Governance Statement (continued)

A. BOARD OF DIRECTORS (continued)

iv) Board Committees (continued)

Remuneration Committee

The Board had also set up a Remuneration Committee on 21 February 2002 which comprises wholly of Non-Executive Directors. The Remuneration Committee is responsible for making recommendation to the Board, the remuneration of the Executive Director in all its forms, drawing from outside resources where necessary.

The present members of the Remuneration Committee are:-

1) Tan Sri Dato' Tan Hua Choon - *Non-Independent Non-Executive Director*
2) Mr Thor Poh Seng – *Non-Independent Non-Executive Director*

There was one Remuneration Committee meeting held during the financial year with full attendance of its members.

v) Supply of Information

All the Board and Committee members have timely access to relevant information pertaining to the Group as well as to the advice and services of the Company Secretary, Management representatives and independent professional advisers, whenever necessary, at the Company's expense to enable the Board and Committee members to discharge their duties with adequate knowledge on the matters being deliberated. They are also kept informed of the requirements and updates issued by the regulatory authorities from time to time.

Prior to each scheduled Board Meeting, all Board members are provided with the requisite notice, agenda and the relevant Board Papers to enable them to have sufficient time to study the papers and, if necessary, obtain further information or clarification from the Management to ensure effectiveness of the proceeding of the meetings. Senior Management members are invited to attend these meetings to explain and clarify matters.

In addition, there is a formal schedule of matters specifically reserved for the Board's decisions including, among other things, business strategies and directions, operational policies and efficacies, product quality measures, acquisitions and disposals of material assets, investment policies and approval of financial statements.

vi) Appointments to the Board

Appointments of new Directors will first be considered and evaluated by the Nomination Committee, after which appropriate recommendations will be put forward to the Board for its consideration and approval.

vii) Directors' Training

All the Directors of the Company have completed the Mandatory Accreditation Programme accredited by Bursa Securities in compliance with the MMLR. Apart from attending the Continuing Educational Programmes accredited by Bursa Securities, the Directors are also encouraged to attend relevant courses/seminars and training programmes from time to time to keep abreast with changes and development in the business environment.

Corporate Governance Statement (continued)

A. BOARD OF DIRECTORS (continued)

vii) Directors' Training (continued)

Conferences, seminars and training programmes attended by the Directors during the financial year are summarised as follows:

Title	Area of Focus
1. Sustainability Programme for Corporate Malaysia	Corporate Governance
2. Budget 2011 Proposals & Recent Developments	Capital Market Development
3. Corporate Governance, Professionalism and Accountants: How to enhance the synergy?	Corporate Governance
4. Corporate Integrity Systems Malaysia	Corporate Governance
5. Beyond Governance, Enter Sustainability	Corporate Governance
6. Statement on Risk Management and Internal Control	Corporate Governance
7. Stroking the fire of Corporate Governance	Corporate Governance
8. Board Role, Directors Duties and Blind Spots, Biases and other Pathologies in the Boardroom	Corporate Governance
9. Risk Management: Things can still go wrong	Corporate Governance
10. Launch of Sustainability Programme for Corporate Malaysia	Corporate Governance
11. Boardroom Ethics	Corporate Governance

viii) Re-election of Directors

In accordance with the Company's Memorandum and Articles of Association, one-third of the Directors for the time being or, if their number is not a multiple of three, the number nearest to one-third shall retire from the office and be eligible for re-election at each Annual General Meeting. Newly appointed Directors shall hold office until the conclusion of the next Annual General Meeting and shall be eligible for re-election, but shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting. The Articles also provide that all Directors be subject to retirement by rotation at least once every three years.

B DIRECTORS' REMUNERATION

i) Level and make-up

The Board as a whole reviews the levels of remuneration offered to Directors to ensure that they are sufficient to attract and retain Directors with the relevant experience and expertise needed to manage the Group successfully, while taking into consideration at the same time the state of the economy in general and the performance of the industry and the Group in particular.

In the case of Executive Director, the component parts of remuneration are structured to link rewards to corporate and individual performance. As for the case of Non-Executive Directors, the level of remuneration reflects the experience and level of responsibilities undertaken by the particular non-executive concerned.

Corporate Governance Statement (continued)

B DIRECTORS' REMUNERATION (CONTINUED)

ii) Procedure

The Remuneration Committee is responsible for recommending to the Board the policy framework of executive remuneration and the fixing of the remuneration of individual Directors. The Director concerned will abstain from deliberation and decision in respect of his/her own remuneration package.

iii) Disclosure

The details of Directors' remuneration payable to all the Directors of the Company who served during the financial year ended 30 June 2011 are as follows:-

a) Aggregate remuneration of Directors categorised into the following components:

Category of Remuneration	Executive Director (RM)	Non-Executive Directors (RM)	Total (RM)
(a) Fees	-	48,000	48,000
(b) Salaries and other emoluments	134,400	9,000	143,400
(c) Estimated value of benefits-in-kind	7,200	-	7,200
Total	**141,600**	**57,000**	**198,600**

b) The number of Directors whose remuneration fall within the following bands:

Band (RM)	No. of Executive Director	No. of Non-Executive Directors	Total
1 – 50,000	-	5	5
50,001 – 100,000	-	-	-
100,001 – 150,000	1	-	1
Total	**1**	**5**	**6**

C. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

i) Dialogue between Company and Investors

Timely release of the quarterly financial results of the Group, audited financial statements, corporate developments and announcements of the Group via the BURSA LINK, Company's annual reports and other circulars to shareholders and, where appropriate, ad hoc press statements serve as the principal channel to keep the shareholders and the investing public informed of the Group's major development, financial performance and progress throughout the year.

Corporate Governance Statement (continued)

C. RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS (CONTINUED)

ii) General Meetings of Shareholders

The Annual General Meetings ("AGM") of the shareholders of the Company represent the main forum for interaction between the Board and the shareholders. At each AGM, the Board presents the progress and performance of the business of the Group during the particular financial year as contained in the Annual Report. Shareholders are given the opportunity to express their views or seek clarification on issues pertaining to the Group's financial statements, transactions, business activities and prospects of the Group wherein, the Directors, Accountant and Auditors are available to respond to the queries before each resolution is carried.

Extraordinary General Meetings ("EGM") of the Company will be held as and when shareholders' approvals are required on specific matters. Notices of AGM and EGM are advertised in a major local daily newspaper. They are also distributed to shareholders within a reasonable and sufficient time frame. In addition to that, a press conference is normally held after each AGM or EGM of the Company whereat, the Board members are available to answer questions pertaining to the business operations and directions of the Group posted by journalists.

Any queries and concerns pertaining to the Group may be conveyed to Dato' Ismail Bin Hamzah, the Senior Independent Non-Executive Director of the Company via fax no. 603-4043 6750 or via the Company's website, www.fcw.com.my or by mail to the registered office of the Company.

D. ACCOUNTABILITY AND AUDIT

i) Financial Reporting

The Audit Committee assists the Board in reviewing the Group's quarterly results and annual financial statements to ensure correctness and adequacy prior to these results being presented to the Board. The Board takes note of the comments and recommendations of the Audit Committee and conducts a balanced and detailed assessment of the Group's financial position and prospects. The results are then released by the Secretary via BURSA LINK after the Board adopts them.

A statement by Directors of their responsibilities in preparing the financial statements is set out in page 31 of this Annual Report.

ii) Internal Control

The Board places significant emphasis on a sound internal control system which covers not only financial controls but also operational and compliance controls as well as risk management, and the need to review its effectiveness regularly in order to safeguard shareholders' investment and the Group's assets. The internal control system is designed to meet the Group's particular needs and to manage the risks to which it is exposed.

The Internal Control Statement by the Board which provides an overview of the Group's state of internal control is set out in pages 25 to 26 of this Annual Report.

iii) Relationship with Auditors

The Board of Directors and the Management maintain a formal and transparent relationship with the Group's Auditors in seeking their professional advice and opinion with regard to the Group's compliance with the relevant approved accounting standards.

The role of the Audit Committee in relation to its relationship with the External Auditors is set out in pages 21 to 24 of this Annual Report.

Corporate Governance Statement (continued)

E. CORPORATE SOCIAL RESPONSIBILITY ("CSR")

The Group takes into account the significance of environment, social obligations and corporate governance matters in pursuing its business objectives. Throughout the year, the Group carried out its CSR activities focusing on the following areas:

The Group is committed to ensuring minimal impact on the environment as well as to protecting the safety and health of our employees, customers and neighbours.

Over the years, the Group has developed and established occupational safety and health practices to ensure a safe work place environment for our employees, customers and neighbours.

The Group is also committed to implementing procedures that assist in ensuring that our operations are conducted and performed in compliance with existing laws, regulations and standards.

For instance, our subsidiary, Coscolab Sdn Bhd ("CSB") has introduced the following measures:-

1. Proper discharge of effluents

   CSB treats all effluents from production chemically and biologically with their state-of-the-art Waste Water Treatment System, according to local environmental standards set by the Department of Environment ("DOE"). Such effluents, which are required to comply with DOE's Standard A parameters, are then tested with a "HACH" machine to ensure compliance. Treated effluents are then either discharged or recycled. Untreatable effluents are sent to Kualiti Alam Sdn Bhd on a regular basis.

2. Recycling initiatives

   CSB has a recycling system in which papers are recycled (stamped and re-used) whenever possible and also sent to professional recycling companies.

3. Training/ Staff functions

   All staff-members of CSB are reminded of social responsibilities via internal trainings conducted, which are inducted into production trainings held on a regular basis. Staff welfare activities, such as Target Achievement dinners, team building trips, sports club etc, are organized regularly to boost staff morale and improve staff bonding, productivity and team work.

Our associate company, Fujikura Federal Cables Sdn Bhd ("FFC"), obtained its ISO14001 certification for Environment Management System in August 2002.

FFC carried out air emission monitoring to comply with the Environment Quality Air (Clean Air) Regulations 1978 on the emission of:-

- Sulfur Dioxide (SO2), Oxide of Nitrogen (NOx) and Carbon Monoxide (CO)
- Lead, Antimony and Arsenic.

Actions taken by FFC to ensure compliance were carried out through the following activities:-

1. FFC's own Quality Assurance Department checks all emission and local exhaust ventilation systems monthly.
2. Engage consultants to measure the emission during operation hours quarterly. The results are sent to the Department of Environment.
3. Engage consultants to carry out survey and check all emission and local exhaust ventilation systems yearly.

Measures have also been taken by the other Companies in the Group to reduce consumption of resources and the generation of waste by encouraging its employees to practice recycling and reduce waste of paper and energy.

Corporate Governance Statement (continued)

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the Companies Act, 1965 to prepare financial statements for each financial year which have been made out in accordance with the applicable approved accounting standards and give a true and fair view of the state of affairs of the Group and the Company as at the end of the financial year and the results and cash flows of the Group and the Company for the financial year.

The Directors are satisfied that in preparing the financial statements of the Group for the financial year ended 30 June 2011, the Group has used the appropriate accounting policies and applied them consistently and prudently. The Directors also noted that all relevant accounting standards have been followed in the preparation of these financial statements. The Directors have the responsibility for ensuring that the Group and the Company keep accounting records which disclose with reasonable accuracy the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act, 1965.

The Directors have a fiduciary responsibility in taking reasonable steps to safeguard the assets of the Company to prevent and detect fraud and other irregularities.

ADDITIONAL COMPLIANCE INFORMATION

Non Audit Fee

Non audit fee payable to the external auditors by the Group for the financial year ended 30 June 2011 amounted to RM5,000.00.

Material Contracts Involving Directors' and Major Shareholders' Interests

There were no material contracts entered into by the Group which involved Directors' and major shareholders' interests during the reporting financial year. The following are contracts involving interests of Directors and Major Shareholders which were entered into by the Group in previous financial years and are still subsisting:-

(i) Tenancy Agreement dated 13 November 2007 between FCW Industries Sdn Bhd ("FCWI"), a wholly-owned subsidiary of FCW and GBH Clay Pipes Sdn Bhd ("GCP"), a wholly-owned subsidiary of Goh Ban Huat Berhad ("GBH"), to grant GCP a tenancy of a single storey office with 4 adjoining single-storey factories erected on a piece of freehold land held under Geran Mukim 6242 Lot 54833, Mukim of Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan for a period of 3 years at the rental of RM93,750 per month with an option for a 2 years term of renewal at the revised rental rate of RM193,750 per month, which has been exercised on 12 November 2010; and

(ii) Tenancy Agreement dated 13 November 2007 between Federal Telecommunications Sdn Bhd ("FT"), a wholly-owned subsidiary of FCW and GBH to grant GBH a tenancy of 9 independent blocks of warehouses erected on all the pieces of freehold land held under Geran Mukim 1452 Lot 4722 and Geran Mukim 335 Lot 32661, both in the Mukim of Batu, Daerah Kuala Lumpur, Negeri Wilayah Persekutuan for a period of 3 years at the rental of RM343,750 per month with an option for a 2 years term of renewal at the same rental rate, which has been exercised on 12 November 2010.

Tan Sri Dato' Tan Hua Choon is a director and major shareholder of FCW and GBH. He is deemed interested in the above transactions.

Revaluation Policy On Landed Properties

The Group does not have any revaluation policy on landed properties.

Audit Committee Report

The Board of Directors of FCW Holdings Berhad ("FCW") is pleased to present the Report of FCW Audit Committee ("the Audit Committee") which was established on 17 February 1994 for the financial year as follows :-

MEMBERSHIP

The composition and memberships of the Audit Committee are as follows:

Name	Membership	Status
Dato' Ismail Bin Hamzah	Chairman	Independent Non-Executive Director
Thor Poh Seng	Member	Non- Independent Non-Executive Director
Lee Yu-Jin	Member	Independent Non-Executive Director

MEETINGS

The Audit Committee held four meetings during the financial year ended 30 June 2011 with full attendance of all the Committee members.

The Executive Director, Accountant, Internal Audit Consultants and other non-member Directors were invited to attend the Audit Committee meetings for briefing on the activities involving their areas of responsibilities. The Audit Committee was briefed by the external auditors on their annual audit findings and they met twice during the financial year without the presence of the executive board members and employees of the Group.

The proceedings of each Audit Committee meeting were documented and distributed to all the Board members.

TERMS OF REFERENCE

1. Membership

The Audit Committee shall be appointed by the Board from amongst their number and shall consist of not less than 3 members, a majority of whom shall be independent non-executive directors. Executive director(s) and alternate director(s) cannot be appointed as member(s) of the Committee. In the event of any vacancy in the Committee which results in non-compliance of paragraph 15.09(1)(a) of MMLR, the vacancy shall be filled within 3 months.

At least one member of the Audit Committee must be qualified under paragraph 15.09 (1)(c) of the MMLR.

The Chairman of the Audit Committee shall be an independent non-executive director appointed by the Board.

2. Frequency of Meetings

Meetings shall be held not less than four times a year. In addition, the Chairman of the Audit Committee may call a meeting of the Audit Committee upon the request of the external auditors, to consider any matter the external auditors believe should be brought to the attention of the Board and shareholders.

Majority members present in person who are independent non-executive directors shall be a quorum.

Audit Committee Report (continued)

TERMS OF REFERENCE (CONTINUED)

3. Secretary

The Company Secretary shall be the secretary of the Committee.

4. Authority

The Audit Committee shall, at the Company's expense, have the following authority and rights:-

1. full and unrestricted access to any information and documents from the external auditors and senior management of the Company and the Group which are relevant to the activities of the Company.
2. be provided with the necessary resources which are required to perform its duties.
3. the right to investigate into any matter within its Terms Of Reference and as such, have direct communication channel with the external auditors and persons carrying out the internal audit function of the Company.
4. the liberty to obtain independent professional advice and to secure the attendance of such external parties with relevant experience and expertise at its meeting if it considers this necessary.
5. be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of executive directors and employees of the Group, whenever deemed necessary.
6. may extend invitation to other non-member directors and officers of the Company to attend a specific meeting, whenever deemed necessary.

5. Duties

The Audit Committee shall report to the Board of Directors either formally in writing, or verbally, as it considers appropriate on the matters within its terms of reference.

The duties of the Audit Committee shall be:-

i) To review the audit plan with the external auditors;

ii) To review the audit report with the external auditors;

iii) To review the assistance given by the Company's officers to the external auditors and to meet with the external auditors without executive board members present at least twice a year;

iv) To review the quarterly results and year end financial statements of the Company and the Group, prior to the approval by the Board, focussing particularly on:

   a. changes in or implementation of major accounting policies;

   b. significant and unusual events; and

   c. compliance with accounting standards, regulatory and other legal requirements.

v) To review any related party transaction and conflict of interest situation that may arise within the Company and the Group including any transaction, procedure or course of conduct that raises questions of management integrity;

vi) To review the adequacy of the scope, functions, competency and resources of the internal audit functions and to ensure that it has the necessary authority to carry out its work;

Audit Committee Report (continued)

TERMS OF REFERENCE (CONTINUED)

5. Duties (continued)

vii) To take cognizance of resignations of internal audit staff members and provide the resigning staff member an opportunity to submit his/her reasons for resigning, if the staff member concerned so desires;

viii) To review any internal audit programme, processes, the results of the internal audit programme, processes or investigations undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;

ix) To review any evaluation made on the systems of internal controls with the internal and external auditors;

x) To recommend to the Board of Directors the appointment of the external auditors and the level of their fees;

xi) To consider any resignation or removal of the external auditors, and to furnish such written explanation or representation from the external auditors to Bursa Malaysia Securities Berhad;

xii) To review whether there is reason (supported by grounds) to believe that the external auditors are not suitable for re-appointment;

xiii) The Chairman of the Audit Committee should engage on a continuous basis with senior management, the head of internal audit and the external auditors in order to be kept informed of matters affecting the company; and

xiv) To undertake such other functions as may be agreed by the Audit Committee and the Board.

6. Performance Review

The term of office and performance of the Audit Committee and each of its members shall be reviewed by the Board of Directors of the Company at least once every three years to determine whether the committee and members have carried out their duties in accordance with the Audit Committee's Terms of Reference.

ACTIVITIES OF THE COMMITTEE

During the financial year ended 30 June 2011, the activities carried out by the Audit Committee included, among others, the following:-

1. Reviewed the audited financial statements of the Group for the financial year ended 30 June 2010, prior to their adoption by the Board and for release to Bursa Securities.

2. Reviewed the unaudited quarterly reports on the consolidated results and financial statements of the Company and the Group prior to tabling of the same to the Board of Directors.

3. Reviewed the adequacy of the existing policies, procedures and systems of internal control of the Group including the associate company, reviewed internal audit reports, and discussed with the Management together with the Internal Audit Consultants on actions to be taken to improve the systems of internal control.

4. Discussed with the external auditors, the applicability and the impact of any accounting standards.

5. Reviewed with the external auditors, the Internal Control Statement of the Group for inclusion in the Company's Annual Report.

Audit Committee Report (continued)

ACTIVITIES OF THE COMMITTEE (CONTINUED)

6. Reviewed the external auditors' report in relation to their audit findings and accounting issues arising from the audit of the Group for the financial year ended 30 June 2010.

7. Reviewed and discussed the Group Budget for the financial year ending 30 June 2012.

INTERNAL AUDIT FUNCTION

The Board has outsourced the internal audit function to an internal audit consultancy company to assist the Board, Audit Committee and Management in ensuring the systems of Internal Control operates effectively within the Group.

The role of the internal audit consultants is to provide independent and objective quarterly reports on the state of internal control, compliance to policies, procedures and statutory requirements, the extent the Group's assets are accounted for and safeguarded, and any improvements to operations, processes and control systems. These report findings together with the related recommendations are reported to the Audit Committee.

The Group has an established risk framework and self-assessment approach in arriving at the audit plan for the Group. This internal audit plan is approved by the Audit Committee. The Board and Management together with the internal audit consultants also conduct regular reviews in identifying, evaluating and managing the principal risks that the Group faces covering various operational, financial and statutory aspects of the Group's businesses.

The total cost incurred for the Group's internal audit function in respect of the financial year ended 30 June 2011 was RM24,000.00. The activity of the internal audit function is detailed in the Statement of Internal Control on pages 25 to 26 of this Annual Report.

Internal Control Statement

BOARD RESPONSIBILITY

The Malaysian Code of Corporate Governance requires listed companies to maintain a sound system of internal control to safeguard shareholders' investments and the Group's assets. The Board of Directors recognizes the importance of good corporate governance and is guided by the Bursa Malaysia's Statement on Internal Control: Guidance for Directors of Public Listed Companies, which provides guidance for compliance with these requirements.

The Board of Directors affirms its overall responsibility for maintaining the Group's systems of internal controls and its risk management framework to safeguard shareholders' investments and the Group's assets. Whilst these systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, any system can only provide reasonable, and not absolute, assurance against material misstatement, errors, fraud or loss.

RISK MANAGEMENT FRAMEWORK AND INTERNAL AUDIT

The Group has established an ongoing process for identifying, evaluating, monitoring and managing the significant risks affecting the achievement of its business objectives throughout the year. The Board regularly reviews this process.

The Board of Directors, with the assistance of the internal audit consultants, reviews the Group Risk Profile which covers all major identified and significant risks and controls associated with the Group's businesses. In this respect, internal audits are carried out in accordance with the audit plan approved by the Board and focuses on the identified areas of risks with priority towards the management of the significant risks impacting the achievement of the business objectives of the Group. This Group Risk Profile is subjected to regular reviews in line with changes in its business environment, strategies and activities.

Dormant subsidiaries are excluded from such regular reviews including that of associates as the Group does not have management control over these associates. The Board may request for internal audit reviews as when these are approved by the Board of these associates.

INTERNAL CONTROL STRUCTURE

The Board is fully committed to ensuring that a proper control structure and environment is maintained within the Group to provide sufficient assurance of an adequate and sound control framework. In order to achieve this, the Board has put in place the following control systems: -

- **Risk Management**

  Management has clear responsibility for identifying and evaluating the risks facing their businesses, and for implementing procedures to mitigate and monitor such risks. In addition, issues are identified, discussed and resolved at monthly management meetings within the Group, and where necessary, these are reviewed and reported to the Audit Committee.

- **Organization Structure**

  Terms of reference for the Audit Committee and the Board Committees are clearly defined. The Group has human resource policies and programmes designed to enhance operational efficiency and effectiveness in the Group and an organization structure with clearly defined lines of accountability and delegated authority. Appropriately qualified financial management personnel are responsible for their operational areas and monitoring of effective internal control.

- **Authority Levels**

  Clearly defined authorization levels for various aspects of the business are set out in a formalized and approved authority matrix.

Internal Control Statement (continued)

INTERNAL CONTROL STRUCTURE (CONTINUED)

- **Monitoring and Reporting**

  Adequate reports are generated for reviews on various operating units of the Group encompassing operational, financial and regulatory areas. Comprehensive management accounts and reports are prepared on a monthly basis for review by the Chairman, Executive Director and senior management for effective monitoring and decision-making. Quarterly, the Executive Director reviews with the Audit Committee on all significant issues pertinent to the Group.

  There is a detailed and comprehensive budgeting process for monitoring monthly performance against these budgets. These budgets are submitted to the Executive Director for review and approval by the Board. Key variances from budget are reported monthly and followed up by management.

  Investment proposals are subject to formal review and authorization by the Executive Director and the Board for consideration and approval. Monthly management reports are submitted by major associates and subsidiaries to top management to monitor financial and operational performances.

  The Audit Committee also reviews on a quarterly basis the audit reports on internal control and risk issues identified by the internal audit consultants, external auditors, regulatory bodies and senior management, and evaluate the effectiveness of the Group's risk management and internal control systems.

- **Documented Policies and Procedures**

  Clearly documented internal policies are set out in a set of Standard Operating Procedures, covering the more significant areas of operations. The Standard Operating Procedures are subject to regular reviews, enhancement and improvement.

- **Review of Effectiveness on Control Environment**

  Through the establishment of sound internal control, which includes monitoring and reporting systems, the Board reports that the existing system of internal controls is satisfactory. No material losses have occurred during the financial year under review as a result of weaknesses in internal control. The Board together with management continues to take measures to strengthen the control environment.

Financial Statements

Directors' Report

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 30 June 2011.

Principal activities

The principal activities of the Company are investment holding and providing management services.

The principal activities of the subsidiaries are disclosed in Note 15 to the financial statements.

There have been no significant changes in the nature of these activities during the financial year.

Results

	Group RM'000	Company RM'000
Profit net of tax	11,716	1,393
Attributable to:		
Owners of the parent	11,138	1,393
Minority interests	578	-
	11,716	1,393

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Group and of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature other than the effects arising from the changes in accounting policies due to the adoption of FRS 139 Financial Instruments: Recognition and Measurement which has resulted in an increase in the Group's and the Company's profit net of tax by RM668,000 as disclosed in Note 2.2 to the financial statements.

Dividend

Since the end of the previous financial year, no dividend has been paid or declared by the Company.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Tan Sri Dato' Tan Hua Choon
Dato' Ismail bin Hamzah
Thor Poh Seng
Lim Lai Sam
Ong Bing Yap
Lee Yu-Jin

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 9 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest, except as disclosed in Note 27 to the financial statements.

Directors' Report (continued)

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company or its related corporations during the financial year were as follows:

	Number of ordinary shares of RM0.50 each			
	1.7.2010	Acquired	Sold	30.6.2011
The Company				
Tan Sri Dato' Tan Hua Choon				
- Direct interest	21,498,379	-	-	21,498,379
- Indirect interest	27,298,700	-	-	27,298,700

	Number of warrants			
	1.7.2010	Acquired	Sold	30.6.2011
The Company				
Warrant B				
Tan Sri Dato' Tan Hua Choon				
- Direct interest	6,370,998	-	-	6,370,998
- Indirect interest	8,199,608	-	-	8,199,608

Tan Sri Dato' Tan Hua Choon by virtue of his interest in shares in the Company is also deemed interested in shares of all the Company's subsidiaries to the extent in which the Company has an interest.

Save for the above, none of the other directors in office at the end of the financial year had any interest in shares in the Company or its related corporations during the financial year.

Warrants

	Number of warrants			
	1.7.2010	Issued	Exercised	30.6.2011
Warrants A	29,211,830	-	-	29,211,830
Warrants B	55,733,340	-	(960)	55,732,380

Each warrant A in issue entitles the warrant holder to subscribe for one new ordinary share of RM0.50 in the Company at an adjusted exercise price of RM1.50 pursuant to the Company's Capital Restructuring in 2007/or in financial year 2008. The warrants were re-quoted to the official list of Bursa Malaysia Securities Berhad on 8 January 2008 and will expire on 11 November 2013.

55,733,340 free warrants B were issued on 31 December 2007/or during the financial year 2008 and the exercise price is RM0.50 for one new ordinary share of RM0.50. The warrants were admitted, listed and quoted to the official list of Bursa Malaysia Securities Berhad on 8 January 2008 and will expire on 11 November 2013. 960 warrants B were exercised during the year.

The details of these warrants are as disclosed in Note 25 to the financial statements.

Issue of shares

During the financial year, the Company increased its issued and paid-up ordinary share capital from RM195,066,690 to RM195,067,650 by way of the issuance of 960 ordinary shares of RM0.50 each at an issue price of RM0.50 with the exercise of 960 warrants B.

The new ordinary shares issued during the financial year ranked pari passu in all respects with the existing ordinary shares of the Company.

Directors' Report (continued)

Other statutory information

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

  (i) the amount written off for bad debts or the amount of the provision for doubtful debts in these financial statements inadequate to any substantial extent; and

  (ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) As at the date of this report, there does not exist:

  (i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

  (ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

  (i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

  (ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial year in which this report is made.

Significant events

Significant events are disclosed in Note 15(a) and (b) to the financial statements.

Auditors

The auditors, Ernst & Young, do not wish to seek re-appointment.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 October 2011.

Tan Sri Dato' Tan Hua Choon Ong Bing Yap

Statement by Directors
pursuant to Section 169(15) of the Companies Act, 1965

We, Tan Sri Dato' Tan Hua Choon and Ong Bing Yap, being two of the directors of FCW Holdings Berhad, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 34 to 94 are drawn up in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2011 and of their financial performance and the cash flows of the Group and of the Company for the year then ended.

The information set out in Note 35 on page 95 to the financial statements have been prepared in accordance with the Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profit or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements as issued by the Malaysian Institute of Accountants.

Signed on behalf of the Board in accordance with a resolution of the directors dated 12 October 2011.

Tan Sri Dato' Tan Hua Choon

Ong Bing Yap

Statutory Declaration
pursuant to Section 169(16) of the Companies Act, 1965

I, Ong Bing Yap, being the director primarily responsible for the financial management of FCW Holdings Berhad, do solemnly and sincerely declare that the accompanying financial statements set out on pages 34 to 95 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by
the abovenamed Ong Bing Yap at
Kuala Lumpur in the Federal Territory
on 12 October 2011.

Ong Bing Yap

Before me,

R. Vasugi Ammal, PJK (W480)
Commissioner for Oaths

Independent Auditors' Report
to the members of **FCW Holdings Berhad** (Incorporated in Malaysia)

Report on the financial statements

We have audited the financial statements of FCW Holdings Berhad, which comprise the statements of financial position as at 30 June 2011 of the Group and of the Company, and the statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 34 to 94.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia, and for such internal control as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Financial Reporting Standards and the Companies Act 1965 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 30 June 2011 and of their financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act 1965 in Malaysia, we also report the following:

(a) In our opinion, the accounting and other records and the registers required by the Act to be kept by the Company and its subsidiaries of which we have acted as auditors have been properly kept in accordance with the provisions of the Act.

(b) We have considered the financial statements and the auditors' reports of all the subsidiaries of which we have not acted as auditors, which are indicated in Note 15 to the financial statements, being financial statements that have been included in the consolidated financial statements.

(c) We are satisfied that the financial statements of the subsidiaries that have been consolidated with the financial statements of the Company are in form and content appropriate and proper for the purposes of the preparation of the consolidated financial statements and we have received satisfactory information and explanations required by us for those purposes.

Independent Auditors' Report (continued)
to the members of FCW Holdings Berhad (Incorporated in Malaysia)

Report on other legal and regulatory requirements (continued)

(d) The auditors' reports on the financial statements of the subsidiaries were not subject to any qualification and did not include any comment required to be made under Section 174(3) of the Act.

Other matters

The supplementary information set out in Note 35 on page 95 is disclosed to meet the requirement of Bursa Malaysia Securities Berhad. The directors are responsible for the preparation of the supplementary information in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants ("MIA Guidance") and the directive of Bursa Malaysia Securities Berhad. In our opinion, the supplementary information is prepared, in all material respects, in accordance with the MIA Guidance and the directive of Bursa Malaysia Securities Berhad.

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Act in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Low Khung Leong
No. 2697/01/13(J)
Chartered Accountant

Kuala Lumpur, Malaysia
12 October 2011

Statements of Comprehensive Income

for the financial year ended 30 June 2011

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Revenue	3	35,504	19,340	270	258
Cost of sales	4	(23,258)	(10,915)	-	-
Gross profit		12,246	8,425	270	258
Other income	5	2,004	781	1,892	311
Administrative expenses		(1,331)	(1,200)	(457)	(535)
Selling and marketing expenses		(182)	(4)	(30)	(13)
Other expenses		(3,280)	(2,929)	(268)	(2,337)
Operating profit/(loss)		9,457	5,073	1,407	(2,316)
Finance costs	6	(312)	(283)	-	-
Share of results of associates		(1,811)	(1,486)	-	-
Profit/(loss) before tax	7	7,334	3,304	1,407	(2,316)
Income tax benefit/(expense)	10	4,382	(886)	(14)	(40)
Profit/(loss) net of tax, representing total comprehensive income/(expense) for the year		11,716	2,418	1,393	(2,356)
Attributable to:					
Owners of the parent		11,138	2,368	1,393	(2,356)
Minority interests		578	50	-	-
		11,716	2,418	1,393	(2,356)
Earnings per share attributable to owners of the parent (sen):					
Basic	11	5.71	1.21		
Diluted	11	5.36	1.15		

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Financial Position
as at 30 June 2011

	Note	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Assets					
Non-current assets					
Property, plant and equipment	12	7,380	7,377	41	75
Investment properties	13	93,932	93,857	-	-
Intangible asset	14	1,726	1,726	-	-
Investment in subsidiaries	15	-	-	13,519	11,419
Investment in associates	16	22,009	23,820	-	-
Deferred tax assets	17	4,859	-	-	-
Investment securities	18	-	1	-	-
		129,906	126,781	13,560	11,494
Current assets					
Inventories	19	4,545	4,260	-	-
Trade and other receivables	20	5,859	4,423	72,413	63,524
Tax recoverable		17	14	6	6
Derivatives	21	375	-	375	-
Cash and cash equivalents	22	7,610	20,585	6,190	12,454
		18,406	29,282	78,984	75,984
Total assets		148,312	156,063	92,544	87,478

Statements of Financial Position (continued)
as at 30 June 2011

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Current liabilities					
Loans and borrowings	23	1,151	605	-	-
Trade and other payables	24	6,360	23,275	8,983	5,018
Current tax payable		268	739	-	-
		7,779	24,619	8,983	5,018
Net current assets		10,627	4,663	70,001	70,966
Non-current liabilities					
Loans and borrowings	23	3,040	3,325	-	-
Deferred tax liabilities	17	165	115	-	-
		3,205	3,440	-	-
Total liabilities		10,984	28,059	8,983	5,018
Net assets		137,328	128,004	83,561	82,460
Equity attributable to owner of the parent					
Share capital	25	97,534	97,533	97,534	97,533
Reserves	26	37,983	27,371	(13,973)	(15,073)
		135,517	124,904	83,561	82,460
Minority interests		1,811	3,100	-	-
Total equity		137,328	128,004	83,561	82,460
Total equity and liabilities		148,312	156,063	92,544	87,478

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statements of Changes in Equity
for the financial year ended 30 June 2011

Group	Attributable to owners of the parent: Non-distributable			Distributable		Minority interests	Total equity
	Share capital (Note 25) RM'000	Capital reserve (Note 26) RM'000	Premium paid on acquisition of minority interest RM'000	Retained profits RM'000	Total RM'000	RM'000	RM'000
At 1 July 2009	97,533	2,704	-	22,299	122,536	-	122,536
Acquisition of a subsidiary	-	-	-	-	-	3,050	3,050
Total comprehensive income	-	-	-	2,368	2,368	50	2,418
At 30 June 2010	97,533	2,704	-	24,667	124,904	3,100	128,004
At 1 July 2010	97,533	2,704	-	24,667	124,904	3,100	128,004
Effects of adopting FRS 139	-	-	-	(293)	(293)	-	(293)
	97,533	2,704	-	24,374	124,611	3,100	127,711
Exercise of warrants	1	-	-	-	1	-	1
Premium paid on acquisition of minority interest	-	-	(233)	-	(233)	(1,867)	(2,100)
Total comprehensive income	-	-	-	11,138	11,138	578	11,716
At 30 June 2011	97,534	2,704	(233)	35,512	135,517	1,811	137,328

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Company Statements of Changes in Equity

for the financial year ended 30 June 2011

	Share capital (Note 25) RM'000	Accumulated losses RM'000	Total equity RM'000
Company			
At 1 July 2009	97,533	(12,717)	84,816
Total comprehensive income	-	(2,356)	(2,356)
At 30 June 2010	97,533	(15,073)	82,460
At 1 July 2010	97,533	(15,073)	82,460
Effects of adopting FRS 139	-	(293)	(293)
	97,533	(15,366)	82,167
Exercise of warrants	1	-	1
Total comprehensive income	-	1,393	1,393
At 30 June 2011	97,534	(13,973)	83,561

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Cash Flows
for the financial year ended 30 June 2011

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from operating activities				
Profit/(loss) before tax	7,334	3,304	1,407	(2,316)
Adjustments for:				
Depreciation of property, plant and equipment	723	399	34	34
Gain on disposal of property, plant and equipment	(7)	(30)	-	-
Property, plant and equipment written off	-	2	-	-
Inventories written down	19	12	-	-
(Write back of)/impairment loss on trade receivables	(384)	373	-	-
(Write back of)/impairment loss on other receivables	-	-	(1,021)	2,070
Bad debts written off	-	19	-	-
Share of results of associates	1,811	1,486	-	-
Interest expense	312	283	-	-
Interest income from deposits	(241)	(415)	(172)	(256)
Interest income from unquoted investment	(31)	(55)	(31)	(55)
Net fair value gains on derivatives	(668)	-	(668)	-
Unrealised foreign exchange gain	-	(124)	-	-
Operating cash flows before working capital changes	8,868	5,254	(451)	(523)
Changes in working capital:				
Increase in inventories	(304)	(175)	-	-
Increase in receivables	(1,052)	(317)	7	15
(Decrease)/increase in payables	(16,915)	844	12	(76)
Net changes in related companies balances	-	-	(3,922)	1,148
Cash (used in)/generated from operations	(9,403)	5,606	(4,354)	564
Interest received	272	470	203	311
Interest paid	(312)	(283)	-	-
Income taxes paid	(901)	(301)	(14)	(40)
Net cash (used in)/generated from operating activities	(10,344)	5,492	(4,165)	835

Statements of Cash Flows (continued)
for the financial year ended 30 June 2011

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Cash flows from investing activities				
Purchase of property, plant and equipment	(471)	(292)	-	-
Proceeds from disposal of property, plant and equipment	7	30	-	-
Proceeds from disposal of quoted investment securities	1	-	-	-
Purchase of investment properties	-	(2,431)	-	-
Subsequent expenditure on investment properties	(75)	(67)	-	-
Acquisition of a subsidiary	-	(6,016)	-	(6,300)
Acquisition of minority interest	(2,100)	-	(2,100)	-
Net cash used in investing activities	(2,638)	(8,776)	(2,100)	(6,300)
Cash flows from financing activities				
Proceeds from exercise of warrants	1	-	1	-
Proceeds from bankers acceptance	610	-	-	-
Proceeds from term loans	-	177	-	-
Repayment of term loans	(224)	(247)	-	-
Net repayment of hire purchase and lease financing	(380)	(373)	-	-
Net cash (used in)/generated from financing activities	7	(443)	1	-
Net decrease in cash and cash equivalents	(12,975)	(3,727)	(6,264)	(5,465)
Cash and cash equivalent at 1 July	20,585	24,312	12,454	17,919
Cash and cash equivalent at 30 June (Note 22)	7,610	20,585	6,190	12,454

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements
30 June 2011

1. Corporate information

The Company is a public limited liability company, incorporated and domiciled in Malaysia, and is listed on the Main Market of Bursa Malaysia Securities Berhad. The registered office of the Company is located at No. 8, 3rd Floor, Jalan Segambut, 51200 Kuala Lumpur. The principal place of business of the Company is located at No. 2, Jalan Murai 2, Batu Kompleks, 51100 Kuala Lumpur.

The principal activities of the Company are investment holding and providing management services.

The principal activities of the subsidiaries are disclosed in Note 15.

There have been no significant changes in the nature of these activities during the financial year.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Financial Reporting Standards and the Companies Act, 1965 in Malaysia. At the beginning of the current financial year, the Group and the Company adopted new and revised FRS which are mandatory for financial periods beginning on or after 1 July 2010 as described fully in Note 2.2.

The financial statements of the Group and of the Company have also been prepared on a historical cost basis unless otherwise indicated in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM) and all values are rounded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 July 2010, the Group and the Company adopted the following new and amended FRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 July 2010.

FRS 1: First-time Adoption of Financial Reporting Standards
FRS 3: Business Combinations (Revised)
FRS 4: Insurance Contracts*
FRS 7: Financial Instruments: Disclosures
FRS 101: Presentation of Financial Statements (Revised)
FRS 123: Borrowing Costs
FRS 139: Financial Instruments: Recognition and Measurement
Amendments to FRS 1: First-time Adoption of Financial Reporting Standards and
  FRS 127 Consolidated and Separate Financial Statements:
  Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
Amendments to FRS 2: Share-based Payment - Vesting Conditions and Cancellations*
Amendments to FRS 2: Share-based Payment*
Amendments to FRS 5: Non-current Assets Held for Sale and Discontinued Operations*
Amendments to FRS 127: Consolidated and Separate Financial Statements
Amendments to FRS 132: Financial Instruments: Presentation
Amendments to FRS 132: Classification of Right Issues*

2. Significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

Amendments to FRS 138: Intangible Assets

Amendments to FRS 139: Financial Instruments: Recognition and Measurement FRS 7: Financial Instruments: Disclosures, and IC Interpretation 9: Reassessment Embedded Derivatives

Amendments to IC Interpretation 9: Reassessment of Embedded Derivatives

Improvements to FRS issued in 2009

IC Interpretation 9: Reassessment of Embedded Derivatives

IC Interpretation 10: Interim Financial Reporting and Impairment

IC Interpretation 11: FRS 2 - Group and Treasury Share Transactions*

IC Interpretation 12: Service Concession Arrangements*

IC Interpretation 13: Customer Loyalty Programmes*

IC Interpretation 14: FRS 119 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*

IC Interpretation 16: Hedges of a Net Investment in a Foreign Operation*

IC Interpretation 17: Distributions of Non-cash Assets to Owners*

TR i - 3: Presentation of Financial Statements of Islamic Financial Institutions*

* These new and amended FRSs and IC Interpretations are, however, not applicable to the Group or the Company.

Adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Company or of the Group except for those discussed below:

FRS 127: Consolidated and Separate Financial Statements (Revised)

As of 1 July 2010, the Group had adopted revised standards at the same time in accordance with their transitional provisions.

Changes in significant accounting policies resulting from the adoption of the revised FRS 127 include:

- A change in the ownership interest of a subsidiary that does not result in a loss of control, is accounted for as an equity transaction. Therefore, such a change will have no impact on goodwill, nor will it give rise to a gain or loss.

- Losses incurred by a subsidiary are allocated to the non-controlling interest even if the losses exceed the non-controlling Interest in the subsidiary's equity, and

- When control over a subsidiary is lost, any interest retained is measured at fair value with the corresponding gain or loss recognised in profit or loss.

The revised FRS 127 has been applied prospectively, and does not impact the Group's consolidated financial statements in respect of transactions with non-controlling interest, attribution of losses to non-controlling interest, and disposal of subsidiaries before 1 July 2010. The changes will affect future transactions with non-controlling interest.

The effects of the adoption of the revised FRS 127 on the Group's consolidated financial statements, relating to the acquisition of additional 20% equity interest in Coscolab Sdn Bhd from its non-controlling interest on 30 November 2010 (Note 15) are as follows.

2. Significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

	Group 2011 RM'000
Decrease in:	
Consolidated statement of financial position	
Minority interest	(1,867)
Other reserves – Premium paid on acquisition of non-controlling interest	(233)

FRS 7: Financial Instruments: Disclosures

Prior to 1 July 2010, information about financial instruments was disclosed in accordance with the requirements of FRS 132 Financial Instruments: Disclosure and Presentation. FRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and market risk, including sensitivity analysis to market risk.

The Group and the Company have applied FRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparatives. The new disclosures are included throughout the Group's and the Company's financial statements for the year ended 30 June 2011.

FRS 101: Presentation of Financial Statements (Revised)

The revised FRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented as a single line. The Standard also introduces the statement of comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Group and the Company has elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised FRS 101 also requires the Group and the Company to make new disclosures to enable users of the financial statements to evaluate the Group's and the Company's objectives, policies and processes for managing capital.

The revised FRS 101 was adopted retrospectively by the Group and the Company.

FRS 139: Financial Instruments : Recognition and Measurement

FRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items. The Group and the Company have adopted FRS 139 prospectively on 1 July 2010 in accordance with the transitional provisions. The effects arising from the adoption of this Standard has been accounted for by adjusting the opening balance of retained earnings as at 1 July 2010. Comparatives are not restated. The details of the changes in accounting policies and the effects arising from the adoption of FRS 139 are discussed below:

Notes to the Financial Statements (continued)
30 June 2011

2. Significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

FRS 139: Financial Instruments : Recognition and Measurement (continued)

- Non-hedging derivatives

  Prior to 1 July 2010, all derivative financial instruments were recognised in the financial statements only upon settlement. These instruments do not qualify for hedge accounting under FRS 139. Hence, upon the adoption of FRS 139, all derivatives held by the Group as at 1 July 2010 are recognised at their fair values of approximately RM293,000 and are classified as financial liabilities at fair value through profit or loss.

- Financial guarantee contracts

  During the current and prior years, the Company provided financial guarantees to banks in connection with bank loans and other banking facilities granted to its subsidiaries. Prior to 1 July 2010, the Company did not provide for such guarantees unless it was more likely than not that the guarantees would be called upon. The guarantees were disclosed as contingent liabilities. Upon the adoption of FRS 139, all unexpired financial guarantees issued by the Company are not recognised as financial liabilities, as based on the current and past repayment trends of the guaranteed parties, the likelihood of the guaranteed party defaulting within the guaranteed period were assessed to be remote.

- Inter-company loans

  During the current and prior years, the Company granted interest-free loans and advances to its subsidiaries. Prior to 1 July 2010, these loans and advances were recorded at cost in the Company's financial statements. Upon the adoption of FRS 139, the interest-free loans or advances are recorded initially at a fair value that is lower than cost. The difference between the fair value and cost of the loan or advance is recognised as an additional investment in the subsidiary. Subsequent to initial recognition, the loans and advances are measured at amortised cost. As at 1 July 2010, the Company has remeasured such loans and advances and no adjustments made to the opening balance of retained earnings as at that date.

The following are effects arising from the above changes in accounting policies:

	Increase/(decrease)	
	As at 30 June 2011 RM'000	As at 1 July 2010 RM'000
Statements of financial position		
Group and Company		
Derivative assets	375	-
Derivative liabilities	(293)	293
Retained earnings	668	(293)

	Group/Company Increase 2011 RM'000
Statements of comprehensive income	
Other income	668

Notes to the Financial Statements (continued)
30 June 2011

2. Significant accounting policies (continued)

2.2 Changes in accounting policies (continued)

FRS 139: Financial Instruments : Recognition and Measurement (continued)

	Group Increase 2011 Sen per share
Earnings per share:	
Basic	0.34
Diluted	0.32

2.3 Standards issued but not yet effective

The Group and the Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Effective for annual periods beginning on or after 1 January 2011

Amendments to FRS 1: Limited Exemption from Comparative FRS 7 Disclosures for First-time Adopters*

Amendments to FRS 1: Adoption Exemptions for First-time Adopters*

Amendments to FRS 2: Group Cash-settled Share-based Payment Transactions*

Amendments to FRS 3: Business Combination

Amendments to FRS 7: Improving Disclosures about Financial instruments
Improvements to FRSs issued in 2010
IC Interpretation 4: Determining Whether An Arrangement Contains a Lease
IC Interpretation 18: Transfer of Assets from Customers*

Effective for annual periods beginning on or after 1 July 2011
Amendments to IC Interpretation 14: Prepayments of a Minimum Funding Requirement*
IC Interpretation 19: Extinguishing Financial Liabilities with Equity Instruments

Effective for annual periods beginning on or after 1 January 2012
FRS 124: Related Party Transactions
IC Interpretation 15: Agreements for the Construction of Real Estate*

* These new and amended FRSs and IC Interpretations are, however, not applicable to the Group or the Company.

Except for the changes in accounting policies arising from the new disclosures required under the Amendments to FRS 7, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application.

2.4 Significant accounting estimates and judgments

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Notes to the Financial Statements (continued)
30 June 2011

2. Significant accounting policies (continued)

2.4 Significant accounting estimates and judgments (continued)

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Income tax

Judgement is involved in determining the provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group and the Company recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made. Details of the income tax and deferred tax are disclosed in Note 10 and Note 17 respectively.

(ii) Impairment of goodwill

Goodwill is tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill is allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the carrying value, the key assumptions applied in the impairment assessment of goodwill is given in Note 14.

(iii) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivable at the reporting date is disclosed in Note 20.

(iv) Impairment of investments in subsidiaries

The Company has carried out the impairment test based on the estimate of the higher of the value-in-use or fair value less cost to sell of the cash-generating units ("CGU") to which the investments in subsidiaries belong to.

Estimating the recoverable amount requires the Company to make an estimate of the expected future cash flows from the CGU and also to determine a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of investment in subsidiaries of the Company as at 30 June 2011 amounted to RM13,519,000 (2010: RM11,419,000) as disclosed in Note 15.

2. Significant accounting policies (continued)

2.4 Significant accounting estimates and judgments (continued)

(a) Key sources of estimation uncertainty (continued)

(v) Revaluation of investment properties

The Group carries its investment properties at fair value, with changes in fair values being recognised in profit or loss. The Group engaged independent valuation specialists to determine fair value as at 30 June 2011. The valuer used a valuation technique based on market rent which is defined as the estimated amount of cash consideration for which an asset should fetch by way of rent on the date of valuation between two parties dealing at arm's length after a reasonable period of exposure of the asset in the open market wherein both parties had each acted knowledgeably, prudently and without compulsion.

The value is arrived at by reference to estimated market rental value and relevant yields. Significant judgement is required by the professional valuer in determining the value of the building based on the market rental rate, occupancy rate provision for void and term yield when discounting the expected future cash flow.

(vi) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and level of future taxable profits together with future tax planning strategies.

Assumptions about generation of future taxable profits depend on management's estimates of future cash flows. Judgement is also required about application of income tax legislation. These judgements and assumptions are subject to risks and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets recognised in the statements of financial position and the amount of unrecognised tax losses.

During the year, the Group has recognised RM20,820,000 of unused tax losses as management considered that it is probable that taxable profits will be available against which the losses can be utilised.

2.5 Summary of significant accounting policies

(a) Subsidiaries and basis of consolidation

(i) Subsidiaries

Subsidiaries are entities over which the Group has the ability to control the financial and operating policies so as to obtain benefits from their activities. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group has such power over another entity.

In the Company's separate financial statements, investments in subsidiaries are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2. Significant accounting policies (continued)

2.5 Summary of significant accounting policies (continued)

(a) Subsidiaries and basis of consolidation (continued)

(ii) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to like transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full except for unrealised losses which are not eliminated if there are indications of impairment.

Acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

In business combinations achieved in stages, previously held equity interests in the acquiree are re-measured to fair value at the acquisition date and any corresponding gain or loss is recognised in profit or loss.

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any) is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree net identifiable assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill in the statement of financial position. The accounting policy for goodwill is set out in Note 2.5(d). In instances where the latter amount exceeds the former, the excess is recognised as a gain on bargain purchase in profit or loss on the acquisition date.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

(b) Transactions with non-controlling interest

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and is presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from equity attributable to owners of the Company.

Changes in the Company owners' ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

Notes to the Financial Statements (continued)
30 June 2011

2. Significant accounting policies (continued)

2.5 Summary of significant accounting policies (continued)

(c) Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. An associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

The Group's investments in associates are accounted for using the equity method. Under the equity method, the investment in associates is measured in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associates. Goodwill relating to associates is included in the carrying amount of the investment. Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss for the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

After application of the equity method, the Group determines whether it is necessary to recognise an additional impairment loss on the Group's investment in its associates. The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount in profit or loss.

The most recent available audited financial statements of the associates are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not coterminous with those of the Group, the share of results is arrived at from the last audited financial statements available and management financial statements to the end of the accounting period. Uniform accounting policies are adopted for like transactions and events in similar circumstances.

In the Company's separate financial statements, investments in associates are stated at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

(d) Intangible Assets

Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired is allocated, from the acquisition date, to each of the Group's cash-generating units that are expected to benefit from the synergies of the combination.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

2. Significant accounting policies (continued)

2.5 Summary of significant accounting policies (continued)

(d) Intangible Assets (continued)

Goodwill (continued)

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Goodwill and fair value adjustments arising on the acquisition of foreign operation on or after 1 January 2006 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.5(r).

Goodwill and fair value adjustments which arose on acquisitions of foreign operation before 1 January 2006 are deemed to be assets and liabilities of the Company and are recorded in RM at the rates prevailing at the date of acquisition.

(e) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the profit or loss during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment other than freehold land are stated at cost less accumulated depreciation and any accumulated impairment losses.

Freehold land has an unlimited useful life and therefore is not depreciated.

Depreciation of property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life, at the following annual rates:

Building	2%
Plant and machinery	10% - 33⅓ %
Motor vehicles	20 %
Furniture and fittings	7½% - 33⅓ %
Office equipment	10% - 33⅓ %

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

2. Significant accounting policies (continued)

2.5 Summary of significant accounting policies (continued)

(e) Property, plant and equipment (continued)

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. The difference between the net disposal proceeds, if any and the net carrying amount is recognised in profit or loss in the year the asset is derecognised.

(f) Investment properties

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Such properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment property is stated at fair value which reflects market conditions at the reporting date. Fair value is arrived at by reference to market evidence of transaction prices for similar properties and is performed by registered independent valuers having an appropriate recognised professional qualification and recent experience in the location and category of the properties being valued.

Gains or losses arising from changes in the fair values of investment properties are recognised in profit or loss in the year in which they arise.

Investment property is derecognised when either it has been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of retirement or disposal.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. For a transfer from owner-occupied property to investment property, the property is accounted for in accordance with the accounting policy for property, plant and equipment set out in Note 2.5(e) up to the date of change in use.

(g) Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

Notes to the Financial Statements (continued)
30 June 2011

2. Significant accounting policies (continued)

2.5 Summary of significant accounting policies (continued)

(g) Impairment of non-financial assets (continued)

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(h) Inventories

Inventories comprise purchased accessories, telecommunication equipments and related spare parts, pharmaceutical, cosmetics, toiletries and other related products.

Inventories are stated at lower of cost and net realisable value.

Cost is determined using the first in, first out method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(i) Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets. The Group designates its financial assets as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial assets.

Notes to the Financial Statements (continued)
30 June 2011

2. Significant accounting policies (continued)

2.5 Summary of significant accounting policies (continued)

(i) Financial assets (continued)

(i) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(ii) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(iii) Available-for-sale financial assets

Available-for-sale are financial assets that are designated as available for sale or are not classified in any of the two preceding categories.

After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial asset are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised. Interest income calculated using the effective interest method is recognised in profit or loss. Dividends on an available-for-sale equity instrument are recognised in profit or loss when the Group and the Company's right to receive payment is established.

2. Significant accounting policies (continued)

2.5 Summary of significant accounting policies (continued)

(i) Financial assets (continued)

(iii) Available-for-sale financial assets (continued)

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group and the Company commit to purchase or sell the asset.

(j) Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(i) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

Notes to the Financial Statements (continued)
30 June 2011

2. Significant accounting policies (continued)

2.5 Summary of significant accounting policies (continued)

(j) Impairment of financial assets (continued)

(ii) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

(iii) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss.

Impairment losses on available-for-sale equity investments are not reversed in profit or loss in the subsequent periods. Increase in fair value, if any, subsequent to impairment loss is recognised in other comprehensive income. For available-for-sale debt investments, impairment losses are subsequently reversed in profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss in profit or loss.

(k) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of FRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

The Group and the Company have not designated any financial liabilities as at fair value through profit or loss.

2. Significant accounting policies (continued)

2.5 Summary of significant accounting policies (continued)

(k) Financial liabilities (continued)

(ii) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(l) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(m) Leases

(i) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Notes to the Financial Statements (continued)
30 June 2011

2. Significant accounting policies (continued)

2.5 Summary of significant accounting policies (continued)

(m) Leases (continued)

(ii) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income.

(n) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

2. Significant accounting policies (continued)

2.5 Summary of significant accounting policies (continued)

(n) Income taxes (continued)

(ii) Deferred tax (continued)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(o) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost

(p) Employee benefits

(i) Defined contribution plans

The Group and the Company make contributions to the Employee Provident Fund in Malaysia, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(ii) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

Notes to the Financial Statements (continued)
30 June 2011

2. Significant accounting policies (continued)

2.5 Summary of significant accounting policies (continued)

(q) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

(i) Sale of goods

Revenue is recognised net of discounts and upon transfer of significant risks and rewards of ownership to the buyer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(ii) Revenue from services

Revenue from services rendered is recognised net of discounts as and when the services are performed.

(iii) Rental income

Revenue from rental of properties are recognised on an accrual basis.

(iv) Interest income

Interest income is recognised on an accrual basis using the effective interest method.

(v) Management fees

Management fees are recognised when services are rendered.

(r) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are measured in Ringgit Malaysia (RM) and are recorded on initial recognition in the RM at exchange rates approximating those ruling at the dates of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

Notes to the Financial Statements (continued)
30 June 2011

2. Significant accounting policies (continued)

2.5 Summary of significant accounting policies (continued)

(s) Share capital

An equity instrument is any contract that evidences a residual interest in the assets of the Group and the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

(t) Segment reporting

For management purposes, the Group is organised into operating segments based on their products and services which are independently managed by the respective segment managers responsible for the performance of the respective segments under their charge. The segment managers report directly to the management of the Company who regularly review the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 33, including the factors used to identify the reportable segments and the measurement basis of segment information.

(u) Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statements of financial position of the Group.

(v) Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

(w) Borrowing costs

Borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consisted of interest and other costs that the group incurred in connection with the borrowing of funds.

Notes to the Financial Statements (continued)
30 June 2011

3. Revenue

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Sales, hire and servicing of telecommunications equipment and electronic goods	25	265	-	-
Service fee income from provision of paging services	-	35	-	-
Sales of pharmaceutical, cosmetics, toiletries, and other related products	29,283	13,718	-	-
Rental income	6,196	5,322	-	-
Management fee income	-	-	270	258
	35,504	19,340	270	258

4. Cost of sales

	Group 2011 RM'000	Group 2010 RM'000
Sales, hire and servicing of telecommunications equipment and electronic goods	44	233
Service fee income from provision of paging services	-	26
Sales of pharmaceutical, cosmetics, toiletries, and other related products	23,214	10,656
	23,258	10,915

Included in cost of sales of the Group are cost of inventories written down amounting to RM18,613 (2010: RM12,300).

5. Other income

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Interest income from:				
- deposits	241	415	172	256
- unquoted investments	31	55	31	55
Gain on disposal of property, plant and equipment	7	30	-	-
Write back of impairment loss on trade receivables	384	-	-	-
Write back of impairment loss on other receivables	-	-	1,021	-
Net fair value gains on derivatives	668	-	668	-
Unrealised foreign exchange gain	-	124	-	-
Miscellaneous	673	157	-	-
	2,004	781	1,892	311

Notes to the Financial Statements (continued)
30 June 2011

6. Finance costs

	Group 2011 RM'000	Group 2010 RM'000
Interest expense	312	283

7. Profit/(loss) before tax

The following amounts have been included in arriving at profit/(loss) before tax:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Employee benefits expenses (Note 8)	2,351	2,077	231	228
Directors' remuneration (Note 9)	198	189	189	189
Auditors' remuneration				
- statutory audits	112	89	41	26
- other services	5	5	5	5
Depreciation of property, plant and equipment (Note 12)	723	399	34	34
Property, plant and equipment written off	-	2	-	-
Inventories written down	19	12	-	-
Impairment loss on trade receivables	-	373	-	-
Impairment loss on other receivables	-	-	-	2,070
Bad debts written off	-	19	-	-
Rental of office premises	203	178	14	17
Direct operating expenses arising from investment properties				
- rental generating properties	267	288	-	-
Realised foreign exchange loss	93	7	-	-

8. Employee benefits expense

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Wages and salaries	2,016	1,733	206	206
Social security contributions	20	15	1	1
Contributions to defined contribution plan	238	179	17	17
Retrenchment benefits	-	112	-	-
Other benefits	77	38	7	4
	2,351	2,077	231	228

Included in employee benefits expense of the Group and of the Company are directors' remuneration as further disclosed in Note 9.

Notes to the Financial Statements (continued)
30 June 2011

9. Directors' remuneration

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Directors of the Company				
Executive:				
Salaries and other emoluments	134	134	134	134
Benefits-in-kind	7	7	7	7
	141	141	141	141
Non-Executive:				
Fees	48	48	48	48
Other benefits	9	-	-	-
	57	48	48	48
Total including benefits-in-kind	198	189	189	189

The number of directors of the Company whose total remuneration during the year fell within the following bands is analysed below:

	Number of directors 2011	Number of directors 2010
Executive directors:		
Below RM150,000	1	1
Non-executive directors:		
Below RM50,000	5	5

10. Income tax expense

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Income tax:				
- Current year	552	243	-	-
- (Over)/under provision in prior years	(125)	581	14	40
	427	824	14	40
Deferred tax (Note 17):				
Relating to origination and reversal of temporary differences	(4,809)	62	-	-
	(4,809)	62	-	-
	(4,382)	886	14	40

Domestic current income tax is calculated at the Malaysian statutory tax rate of 25% (2010: 25%) of the estimated assessable profit for the year.

Notes to the Financial Statements (continued)
30 June 2011

10. Income tax expense (continued)

A reconciliation of income tax expense applicable to profit/(loss) before tax at the statutory income tax rate to income tax expense at the effective income tax rate of the Group and of the Company is as follows:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Profit/(loss) before tax	7,334	3,304	1,407	(2,316)
Taxation at Malaysian statutory tax rate of 25% (2010: 25%)	1,834	826	352	(579)
Expenses not deductible for tax purposes	44	81	48	552
Income not subject to tax	(176)	(31)	(430)	-
Deferred tax assets recognised during the year	(5,327)	(115)	-	-
Deferred tax assets not recognised during the year	50	148	30	27
Utilisation of previously unrecognised tax losses and unabsorbed capital allowances	(1,135)	(975)	-	-
(Over)/under provision in prior years	(125)	581	14	40
Effect of share of results of associate	453	371	-	-
Income tax (benefit)/expense for the year	(4,382)	886	14	40

Tax savings during the financial year arising from:

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Utilisation of current year tax losses	59	83	43	64
Utilisation of previously unrecognised tax losses	1,135	975	-	-

11. Earnings per share

(a) Basic

Basic earnings per share amounts are calculated by dividing the profit for the year, net of tax, attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year.

	Group	
	2011	2010
Profit net of tax for the year attributable to owners of the parent (RM'000)	11,138	2,368
Weighted average number of ordinary shares outstanding during the financial year ('000)	195,067	195,066
Basic earnings per share (sen)	5.71	1.21

11. Earnings per share (continued)

(b) Diluted

For the purpose of calculating diluted earnings per share, the profit for the year, net of tax, attributable to owners of the parent and the weighted average number of ordinary shares outstanding during the year have been adjusted for the dilutive effects of all potential ordinary shares, i.e. warrants.

	Group 2011	Group 2010
Profit net of tax attributable to owners of the parent including assumed conversion (RM'000)	11,138	2,368
Weighted average number of ordinary shares outstanding during the financial year ('000)	195,067	195,066
Effects of dilution of warrants ('000)	12,806	10,391
Adjusted weighted average number of ordinary shares for diluted earnings per share computation ('000)	207,873	205,457
Diluted earnings per share (sen)	5.36	1.15

Notes to the Financial Statements (continued)
30 June 2011

12. Property, plant and equipment

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Office equipment RM'000	Total RM'000
Group							
At 30 June 2011							
Cost							
At 1 July 2010	2,100	2,400	1,963	254	1,129	428	8,274
Additions	-	-	232	78	391	25	726
Disposals	-	-	(63)	(10)	(1)	(20)	(94)
Written off	-	-	-	-	-	(19)	(19)
At 30 June 2011	2,100	2,400	2,132	322	1,519	414	8,887
Accumulated depreciation							
At 1 July 2010	-	32	295	48	202	320	897
Depreciation charge for the year	-	55	407	72	155	34	723
Disposal	-	-	(63)	(10)	(1)	(20)	(94)
Written off	-	-	-	-	-	(19)	(19)
At 30 June 2011	-	87	639	110	356	315	1,507
Net carrying amount	2,100	2,313	1,493	212	1,163	99	7,380

Notes to the Financial Statements (continued)
30 June 2011

12. Property, plant and equipment (continued)

	Freehold land RM'000	Buildings RM'000	Plant and machinery RM'000	Motor vehicles RM'000	Furniture and fittings RM'000	Office equipment RM'000	Total RM'000
Group							
At 30 June 2010							
Cost							
At 1 July 2009	-	-	69	232	209	346	856
Additions	-	-	228	132	55	26	441
Disposals	-	-	-	(116)	(1)	-	(117)
Written off	-	-	-	-	(2)	(8)	(10)
Acquisition of a subsidiary (Note 15)	2,100	2,400	1,666	6	868	64	7,104
At 30 June 2010	2,100	2,400	1,963	254	1,129	428	8,274
Accumulated depreciation							
At 1 July 2009	-	-	69	122	128	304	623
Depreciation charge for the year	-	32	226	42	76	23	399
Disposal	-	-	-	(116)	(1)	-	(117)
Written off	-	-	-	-	(1)	(7)	(8)
At 30 June 2010	-	32	295	48	202	320	897
Net carrying amount	2,100	2,368	1,668	206	927	108	7,377

12. Property, plant and equipment (continued)

	Motor vehicles RM'000	Office equipment RM'000	Total RM'000
Company			
At 30 June 2011			
Cost			
At 1 July 2010/30 June 2011	172	2	174
Accumulated depreciation			
At 1 July 2010	97	2	99
Depreciation charge for the year	34	-	34
At 30 June 2011	131	2	133
Net carrying amount	41	-	41
At 30 June 2010			
Cost			
At 1 July 2009/30 June 2010	172	2	174
Accumulated depreciation			
At 1 July 2009	63	2	65
Depreciation charge for the year	34	-	34
At 30 June 2010	97	2	99
Net carrying amount	75	-	75

Assets pledged as security

The net carrying amounts of property, plant and equipment pledged as securities for borrowings (Note 23) are as follows:

	Group 2011 RM'000	Group 2010 RM'000
Freehold land	2,100	2,100
Buildings	2,313	2,368
	4,413	4,468

Assets held under finance leases

During the financial year, the Group acquired plant and machinery and motor vehicle with an aggregate cost of RM255,120 (2010: RM149,480) by means of finance leases. The cash outflow on acquisition of property, plant and equipment amounted to RM471,000 (2010: RM292,000).

Net carrying amounts of property, plant and equipment held under hire purchase and finance lease arrangements are as follows:

	Group 2011 RM'000	Group 2010 RM'000
Motor vehicle	160	125
Plant and machinery	631	792
	791	917

Notes to the Financial Statements (continued)
30 June 2011

13. Investment properties

	Group 2011 RM'000	Group 2010 RM'000
At 1 July	93,857	91,359
Additions from acquisition	-	2,431
Additions from subsequent expenditure	75	67
At 30 June	93,932	93,857

Investment properties comprise a number of industrial properties leased to a party with common director. In prior year, there is an addition to investment properties resulting from an acquisition of a vacant land from several vendors for a total consideration of RM2,431,175.

Valuation performed by an accredited independent professional, Jurukor Hartanah, on 12 August 2011 by using Comparison Method approximates the carrying amount above.

14. Intangible asset

Goodwill	Group 2011 RM'000	Group 2010 RM'000
Cost		
At 1 July 2010/1 July 2009	1,726	-
Acquisition of a subsidiary (Note 15)	-	1,726
	1,726	1,726
Accumulated impairment losses		
At 1 July 2010/1 July 2009/30 June	-	-
Net carrying amount		
At 30 June	1,726	1,726

(a) Impairment tests for goodwill

Allocation of goodwill

Goodwill on consolidation has been allocated to one individual cash-generating unit ("CGU") for impairment testing which is the wholesale segment.

Key assumptions used in value-in-use calculations

The recoverable amount of the CGU has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a five-year period. The key assumptions used for value-in-use calculations and cash flow beyond the five-year period are:

(i) Expenses are expected to increase by 10% (2010: 10%) on average for each year onwards;

(ii) The average growth rates in the year 2012 - 2016 are within the range 5% - 8%. Based on past performances, these range has been its achievable growth. Management believes its growth rate for the next 5 years are justified based on several strategies in place such as increase in lines of production, increase in market share via capturing of new sub-segments of the market and expansion into foreign markets;

14. Intangible asset (continued)

(a) Impairment tests for goodwill (continued)

Key assumptions used in value-in-use calculations (continued)

(iii) Discount rate of 7.82% (2010: 7.00%) is pre-tax and reflect the risk relating to the contract manufacturing segment.

The values assigned to the key assumptions represent management's assessment of future trends and are based on both external and internal historical data sources.

15. Investments in subsidiaries

	Company 2011 RM'000	Company 2010 RM'000
Unquoted shares, at cost	209,847	207,747
Less: Accumulated impairment losses	(196,328)	(196,328)
	13,519	11,419

Details of the subsidiaries are as follows:

Name of companies	Paid-up capital RM	Effective interests held 2011 %	Effective interests held 2010 %	Principal activities
FCW Industries Sdn. Bhd.	68,198,400	100	100	Investment holding, provision of management services, trading in telecommunications equipment and renting of properties
Coscolab Sdn. Bhd.*	500,000	80	60	Engaged as a wholesaler and processor of pharmaceutical, cosmetics, toiletries, and other related products
Subsidiaries of FCW Industries Sdn. Bhd.:				
FCW Enterprise Sdn. Bhd.	8,000,000	100	100	Property investment
FCW Housing and Realty Development Sdn. Bhd.	5,000,000	100	100	Property development - dormant
Federal Telecommunications Sdn. Bhd.	5,000,000	100	100	Turnkey contracting, distribution, servicing of telecommunications equipment and renting of properties
United Malaysian Steel Mills Berhad	3,000,000	77	77	Manufacturing and trading of steel products - ceased operations

Notes to the Financial Statements (continued)
30 June 2011

15. Investments in subsidiaries (continued)

Name of companies	Paid-up capital RM	Effective interests held 2011 %	2010 %	Principal activities
Subsidiaries of FCW Industries Sdn. Bhd. (continued):				
FT Spares & Services Sdn. Bhd.	100,000	100	100	Servicing of telecommunications equipment - dormant
Plusnet Communications Sdn. Bhd.	200,000	100	100	Retailing of telecommunications equipment
Subsidiaries of Federal Telecommunications Sdn. Bhd.:				
FT Radiosystems Sdn. Bhd.	1,000,000	100	100	Distribution and servicing of telecommunications equipment
Pedoman Jitu Sdn. Bhd.*	451,550	100	100	Trading of telecommunications equipment - dormant
Subsidiaries of FT Radio-systems Sdn. Bhd.:				
Pager Communications Sdn. Bhd.*	150,000	100	100	Renting of communication access
Ultra Matrix Sdn. Bhd.	80,000	100	100	Investment holding - dormant
Cometron Sdn. Bhd.	120,004	68	68	Sale and hire of telecommunications equipment and electronic goods and the provision of paging services

All the above companies are incorporated in Malaysia.
* Audited by firm of auditors other than Ernst & Young

(a) Acquisition of a subsidiary

On 20 November 2009, the Company has completed the acquisition of 60% equity interest in Coscolab Sdn. Bhd. ("Coscolab") which is engaged as a wholesaler and processor of pharmaceutical, cosmetics, toiletries and other related products.

15. Investments in subsidiaries (continued)

(a) Acquisition of a subsidiary (continued)

Clause 10 of the Sale of Shares Agreement ("SSA") provides a Call and Put option between the Company and Mr Teo Ker Wei ("TKW") where the Company is entitled to exercise the Call Option to purchase from TKW, 100,000 ordinary shares of RM1 each in Coscolab at price of RM21 per share ("Option Price I"), at anytime within 30 days after the second anniversary of the completion of SSA ("Option Period I"). TKW shall be entitled to exercise the Put Option during the Option Period provided that Coscolab's net assets based on its latest audited accounts is not less than RM8,000,000. If the Call and Put Option is not exercised during the Option Period, it shall automatically lapse.

In connection with the SSA dated 15 September 2009, the Company had on 30 June 2011 entered into a Supplemental Agreement ("SA") with the minority shareholder of Coscolab, TKW, to amend the terms and conditions of the Call and Put Options under the abovementioned Clause 10 of the SSA as follows:

(a) TKW shall only be entitled to exercise the Put Option within the 180 days period commencing from the date after the third anniversary of the SA date ("Option Period II") at the option price equivalent to 1.25 times the net tangible asset per share of the Coscolab based on its latest audited accounts for each option share ("Option Price II"), provided always that Coscolab's then based on its latest audited accounts is not less than RM13,500,000;

(b) The Company shall be entitled to exercise the Call Option anytime during the Option Period II;

(c) In the event that TKW ceased to be a Director of the Coscolab for any reason, the Company shall be entitled to exercise the Call Option at the Option Price II within 30 days after the day TKW has ceased to be a Director of the Coscolab; and

(d) If the Call and Put Option is not exercised during the Option Period II, it shall automatically lapse.

The acquired subsidiary has contributed the following results to the Group in the previous year:

	2010 RM'000
Revenue	13,718
Profit for the year	955

Had the acquisition occurred on 1 July 2009, the contribution to the Group's revenue and profit before minority interest would have been RM29,533,000 and RM4,670,000 respectively.

The assets and liabilities arising from the acquisition are as follows:

	Fair value RM'000	**Carrying amount RM'000**
Property, plant and equipment (Note 12)	7,104	7,445
Trade and other receivables	3,684	3,684
Inventories	3,992	3,992
Cash and cash equivalents	284	284
	15,064	15,405
Trade and other payables	(3,458)	(3,458)
Borrowings	(3,929)	(3,929)
Deferred tax liabilities (Note 17)	(53)	(53)
	(7,440)	(7,440)

Notes to the Financial Statements (continued)
30 June 2011

15. Investments in subsidiaries (continued)

(a) Acquisition of a subsidiary (continued)

	Fair value RM'000
Fair value of net assets	7,624
Less: Minority interests	(3,050)
Group's share of net assets	4,574
Goodwill on acquisition (Note 14)	1,726
Total cost of acquisition	6,300

The cash outflow on acquisition is as follows:

	RM'000
Purchase consideration satisfied by cash	6,300
Less: Cash and cash equivalents of subsidiary acquired	(284)
Net cash outflow on acquisition	6,016

(b) Acquisition of minority interests

On 13 December 2010, the Company acquired an additional 20% equity interest in Coscolab from its minority interests for a cash consideration of RM2,100,000. As a result of this acquisition, Coscolab became a 80%-owned subsidiary of the Company. On the date of acquisition, the carrying value of the additional interest acquired was RM1,867,000. The difference between the consideration and the book value of the interest acquired of RM233,000 is reflected in equity as premium paid on acquisition of minority interests.

16. Investments in associates

	Group 2011 RM'000	Group 2010 RM'000
Unquoted shares, at cost	32,365	32,365
Share of post-acquisition reserves	(2,201)	(390)
Less: Accumulated impairment losses	(8,155)	(8,155)
	22,009	23,820

The associates, all of which are incorporated in Malaysia are:

Name of associates	Financial year end	Effective interests held 2011 %	Effective interests held 2010 %	Principal activities
Held by the FCW Industries Sdn. Bhd.:				
Fujikura Federal Cables Sdn. Bhd.	31 December	42.54	42.54	Manufacture and marketing of power, telecommunications cables and wires

Notes to the Financial Statements (continued)
30 June 2011

16. Investments in associates (continued)

The summarised financial information of Fujikura Federal Cables Sdn. Bhd. not adjusted for the proportion of ownership interest held by the Group is as follows:

	Group 2011 RM'000	Group 2010 RM'000
Assets and liabilities		
Non-current assets	57,644	53,785
Current assets	228,867	194,979
Total assets	286,511	248,764
Current liabilities/Total liabilities	(234,777)	(192,770)
Results		
Revenue	363,486	347,405
Loss for the year	(4,258)	(3,493)

17. Deferred tax

	Group 2011 RM'000	Group 2010 RM'000
At 1 July 2010/1 July 2009	115	-
Recognised in profit or loss (Note 10)	(4,809)	62
Acquisition of a subsidiary (Note 15(a))	-	53
At 30 June	(4,694)	115
Presented after appropriate offsetting as follows:		
Deferred tax assets	(4,859)	-
Deferred tax liabilities	165	115
	(4,694)	115

The components and movement of deferred tax liabilities and assets during the financial year prior to offsetting are as follows:

Deferred tax liabilities of the Group:

	Property, plant and equipment RM'000
At 1 July 2010	115
Recognised in profit or loss	750
At 30 June 2011	865
At 1 July 2009	-
Recognised in profit or loss	62
Acquisition of a subsidiary (Note 15(a))	53
At 30 June 2010	115

Notes to the Financial Statements (continued)
30 June 2011

17. Deferred tax (continued)

Deferred tax assets of the Group:

	Unabsorbed capital allowances RM'000	Unused tax losses RM'000	Total RM'000
At 1 July 2010	-	-	-
Recognised in profit or loss	(354)	(5,205)	(5,559)
At 30 June 2011	(354)	(5,205)	(5,559)
At 1 July 2009/30 June 2010	-	-	-

Deferred tax assets have not been recognised in respect of the following items as the Group and the Company could not anticipate their realisation.

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Unused tax losses	43,076	66,957	7,894	7,785
Unabsorbed capital allowances	555	2,324	76	66
Unused reinvestment allowances	989	989	989	989
	44,620	70,270	8,959	8,840

The unused tax losses, unabsorbed capital allowances and unused reinvestment allowances of the subsidiaries are available indefinitely for set-offs against future taxable profits of those subsidiaries, subject to no substantial changes in shareholdings of those subsidiaries under the Income Tax Act, 1967 and guidelines issued by the tax authorities.

18. Investment securities

	Group	
	2011 RM'000	2010 RM'000
Non-current		
Available-for-sale investments		
Shares quoted in Malaysia:		
- At cost*	-	1
- At market value	-	1
Unquoted shares at cost	5,626	5,626
Less: Accumulated impairment loss	(5,626)	(5,626)
	-	-

* Prior to 1 July 2010, the non-current investments were carried at lower of cost and market value, determined on aggregate basis. The non-current investments are stated at costs less impairment.

Notes to the Financial Statements (continued)
30 June 2011

19. Inventories

	Group 2011 RM'000	Group 2010 RM'000
Cost		
Raw materials	1,669	1,425
Packing materials	1,748	2,260
Work-in-progress	729	282
Finished goods	380	281
	4,526	4,248
Net realisable value		
Finished goods	19	12
	4,545	4,260

During the year, the amount of inventory recognised as an expense in cost of sales of the Group was RM23,214,000 (2010:RM10,656,000).

20. Trade and other receivables

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Trade receivables				
Third parties	5,348	4,246	-	-
Amounts due from subsidiaries	-	-	1,557	1,527
	5,348	4,246	1,557	1,527
Less: Allowance for impairment				
Third parties	(285)	(669)	-	-
Amounts due from subsidiaries	-	-	(2)	(2)
	(285)	(669)	(2)	(2)
Trade receivables, net	5,063	3,577	1,555	1,525
Other receivables				
Amounts due from subsidiaries	-	-	78,227	70,382
Amounts due from related parties	18	-	-	-
Less: Allowance for impairment	-	-	(7,425)	(8,446)
	18	-	70,802	61,936
Sundry receivables	183	525	20	27
Prepayments	505	231	31	31
Deposits	90	90	5	5
Other receivables, net	796	846	70,858	61,999
Total trade and other receivables	5,859	4,423	72,413	63,524
Add: Cash and bank balances (Note 22)	7,610	20,585	6,190	12,454
Less: Prepayments	(505)	(231)	(31)	(31)
Total loans and receivables	12,964	24,777	78,572	75,947

(a) Trade receivables

Trade receivables are non-interest bearing and are generally on 30 to 90 days (2010: 30 to 90 days) terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Notes to the Financial Statements (continued)
30 June 2011

20. Trade and other receivables (continued)

(a) Trade receivables (continued)

Ageing analysis of trade receivables

The ageing analysis of the Group's trade receivables is as follows:

	Group 2011 RM'000	Company 2011 RM'000
Neither past due nor impaired	2,090	3
Past due not impaired		
1 to 30 days	1,440	3
31 to 60 days	1,235	3
61 to 90 days	38	3
91 to 120 days	29	3
More than 121 days	231	1,540
	2,973	1,552
Past due and impaired	285	2
	5,348	1,557

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group. None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

Receivables that are past due but not impaired

The trade receivables of the Group and of the Company of RM2,973,000 and RM1,552,000 respectively that are past due but not impaired are unsecured in nature. They are creditworthy receivables.

Receivables that are impaired

The Group's and Company's trade receivables that are impaired at the reporting date and the movement of the allowance account used to record the impairment are as follows:

Group	Individually impaired 2011 RM'000
Trade receivables–nominal amounts	285
Less: Allowance for impairment	(285)
	-

Company	
Trade receivables–nominal amounts	2
Less: Allowance for impairment	(2)
	-

20. Trade and other receivables (continued)

(a) Trade receivables (continued)

Movement in allowance accounts - trade receivables

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
At 1 July 2010/1 July 2009	669	296	2	2
Charge for the year	-	373	-	-
Reversal of impairment losses	(384)	-	-	-
At 30 June	285	669	2	2

(b) Amounts due from related parties

The amounts due from subsidiaries are unsecured, non-interest bearing and repayable on demand.

(c) Other receivables

Other receivables that are impaired

At the reporting date, the Company has provided an allowance of RM7,425,000 (2010: RM8,446,000) for impairment of the outstanding balances to subsidiaries companies. These subsidiaries have been suffering financial losses for the past few financial years.

Movement in allowance accounts - other receivables

	Company 2011 RM'000	Company 2010 RM'000
At 1 July 2010/1 July 2009	8,446	6,376
Charge for the year	-	2,070
Reversal of impairment losses	(1,021)	-
At 30 June	7,425	8,446

21. Derivatives

	Group/Company 2011 RM'000	Group/Company 2010 RM'000
Option to purchase additional shares in Coscolab Sdn. Bhd.	375	-

In connection with the Sale of Shares Agreement dated 15 September 2009 ("SSA"), the Company had on 30 June 2011 entered into a Supplemental Agreement ("SA") with the minority shareholder of Coscolab Sdn. Bhd., Mr Teo Ker-Wei, to amend the terms and conditions of the Call and Put Options under Clause 10 of the SSA, particularly on the extension of option and basis of determining the option price.

During the financial year, the Group recognised a gain of RM668,000 (2010: nil) arising from fair value changes of derivative assets. The fair value changes are attributable to changes in the amended terms and conditions of the Call and Put Options. The method and assumptions applied in determining the fair values of derivatives are disclosed in Note 30.

22. Cash and cash equivalent

	Group 2011 RM'000	Group 2010 RM'000	Company 2011 RM'000	Company 2010 RM'000
Cash on hand and at bank	1,142	913	29	34
Deposits with licensed banks	6,114	17,349	5,920	10,210
Unquoted investments*	354	2,323	241	2,210
Cash and cash equivalents	7,610	20,585	6,190	12,454

The weighted average effective interest rates of deposits as at 30 June 2011 for the Group and the Company were 3.15% (2010: 2.49%) per annum and 3.15% (2010: 2.54%).

* The Group and the Company placed some funds in a licensed financial institution. The weighted average effective rate of investment income at the reporting date of the Group and of the Company was approximately 2.78% (2010: 2.30%) per annum and 2.73% (2010: 2.52%).

23. Loans and borrowings

	Maturity	Group 2011 RM'000	Group 2010 RM'000
Short term borrowings			
Secured:			
Bankers acceptance	2011	610	-
Term loans - RM loan at BLR + 1.0% p.a.	2012	226	272
Obligations under finance leases (Note 28)	2011-2012	315	333
		1,151	605
Long term borrowings			
Secured:			
Term loans - RM loan at BLR + 1.0% p.a.	2019	2,732	2,910
Obligations under finance leases (Note 28)	2012-2015	308	415
		3,040	3,325
Total loans and borrowings			
Bankers acceptance	2011	610	-
Term loans - RM loan at BLR + 1.0% p.a.	2012-2019	2,958	3,182
Obligations under finance leases (Note 28)	2011-2015	623	748
		4,191	3,930

The remaining maturities of the loans and borrowings as at 30 June 2011 are as follows:

	Group 2011 RM'000	Group 2010 RM'000
Within one year	1,151	605
More than one year and less than two years	443	514
More than two years and less than five years	955	2,811
More than five years	1,642	-
	4,191	3,930

23. Loans and borrowings (continued)

Banker acceptance

Bankers acceptance bearing acceptance commission at 1.50% is secured by legal charge over freehold land and building of a subsidiary (Note 12) and corporate guarantee by associated investor.

RM bank loan at BLR + 1.0% p.a.

The term loan facility bearing interest at 1% per annum above the bank's base lending rate is repayable over 120 monthly instalments of RM37,555 each. Term loan facility is secured by legal charge over freehold land and building of a subsidiary and corporate guarantee by associated investor.

Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 12). The obligations under finance leases bear interest at flat rates ranging from 2.35% to 4.32% (2010: 2.35% to 4.50%) per annum.

24. Trade and other payables

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Trade payables				
Third parties	4,251	4,609	-	-
Other payables				
Amount due to subsidiaries	-	-	8,771	4,818
Sundry payables	1,817	18,447	43	22
Accruals	292	219	169	178
	2,109	18,666	8,983	5,018
Total trade and other payables	6,360	23,275	8,983	5,018
Add: Loans and borrowings (Note 23)	4,191	3,930	-	-
Total financial liabilities carried at amortised cost	10,551	27,205	8,983	5,018

(a) Trade payables

Trade payables are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 90 days (2010: 30 to 90 days).

(b) Sundry payables

Included in sundry payables of prior year is an amount of RM16,924,000 which forms part of the consideration for the acquisition of the piece of freehold land together with a single storey office with four adjoining single-storey factories by its subsidiary, FCW Industries Sdn. Bhd. Under the terms of the sales and purchase agreement, this amount is non-interest bearing and is repayable by third anniversary of 13 November 2007 thereafter. This amount has been settled during the financial year.

(c) Amounts due to subsidiaries

The amounts due to subsidiaries are unsecured, non-interest bearing and repayable on demand.

Notes to the Financial Statements (continued)
30 June 2011

25. Share capital

	Group/Company			
	Number of ordinary share of RM0.50 each		Amount	
	2011 '000	2010 '000	2011 RM'000	2010 RM'000
Authorised:				
At 1 July 2010/1 July 2009/30 June	600,000	600,000	300,000	300,000
Issued and fully paid:				
At 1 July 2010/1 July 2009	195,066	195,066	97,533	97,533
Exercise of warrants	1	-	1	-
At 30 June	195,067	195,066	97,534	97,533

Share capital

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company residual assets.

Warrants

On 26 May 2003, the Company issued 92,886,400 Warrants A in conjunction with the rights issue of 92,886,400 ordinary shares of the Company implemented in that financial year.

The Warrants A are constituted by a Deed Poll dated 24 June 2003 made by the Company. Following the Capital Restructuring in 2007/the financial year 2008, each Warrant entitles its registered holder the right to subscribe for one ordinary share of RM0.50 in the Company at an adjusted exercise price of RM1.50 at any time during the period from 8 January 2008 until 5.00 pm on 11 November 2013 and the number of "Warrants A" was adjusted to 29,211,830.

In the financial year 2008, the Company implemented and completed a renounceable rights issue of 139,333,350 new ordinary shares of RM0.50 each ("FCW shares"), together with 55,733,340 free detachable new warrants ("Warrants B") on the basis of five new FCW shares together with two free Warrants B for every two existing FCW shares held after the Capital Restructuring, at an issue price of RM0.50 per share.

The Warrants B are constituted by a Deed Poll dated 19 November 2007 made by the Company. Each Warrant entitles its registered holder the right to subscribe for new one ordinary share of RM0.50 in the Company at an exercise price of RM0.50 at any time during a period of approximately six years commencing from 8 January 2008 until 5.00 pm on 11 November 2013.

The new shares to be issued upon the exercise of both the Warrants A and Warrants B (collectively known as "Warrants") shall, upon allotment and issue, rank pari passu in all respects with the existing issued and fully paid-up shares, save and except that they shall not be entitled to any dividends, rights, allotments and/or other distributions, the entitlement date of which is before the date of allotment of the new shares arising from the exercise of the Warrants.

On 22 March 2011, there was an additional 960 new ordinary shares of RM0.50 each arising from the exercise of Warrants B.

The number of outstanding Warrants as at 30 June 2011 is 84,944,210 (2010: 84,945,170).

	Warrants A	Warrants B	Total
At 1 July 2010	29,211,830	55,733,340	84,945,170
Exercise of warrants	-	(960)	(960)
At 30 June 2011	29,211,830	55,732,380	84,944,210

Notes to the Financial Statements (continued)
30 June 2011

26. Reserves

	Group		Company	
	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Non-distributable				
- Capital reserve	2,704	2,704	-	-
- Premium paid on acquisition of minority interest	(233)	-	-	-
Distributable				
- Retained profits/(accumulated losses)	35,512	24,667	(13,973)	(15,073)
	37,983	27,371	(13,973)	(15,073)

Movements in reserves are shown in the respective statements of changes in equity.

The nature and purpose of each category of reserve are as follows:

(a) Capital reserve

	Group	
	2011 RM'000	2010 RM'000
Capitalisation of earnings for bonus issued by subsidiaries	2,704	2,704

27. Significant related party transactions

	Company	
	2011 RM'000	2010 RM'000
Subsidiaries		
- FCW Industries Sdn. Bhd.		
Management fee income	210	210
Management fee expense	180	198
Rental expense	14	17
- Federal Telecommunications Sdn. Bhd.		
Management fee income	48	48
- FT Radiosystems Sdn. Bhd.		
Management fee income	12	-

	Group	
	2011 RM'000	2010 RM'000
Transactions with a company in which the director, Tan Sri Dato' Tan Hua Choon has interest:		
Rental fee expense charged by Yeston Sdn. Bhd.	143	143
Rental income from		
- Goh Ban Huat Berhad	4,125	4,125
- GBH Clay Pipes Sdn. Bhd.	1,885	1,125

Information regarding outstanding balances arising from related party transactions as at 30 June 2011 is disclosed in Note 20 and 24.

Notes to the Financial Statements (continued)
30 June 2011

27. Significant related party transactions (continued)

The remuneration of directors of the Company during the year is disclosed in Note 9. The remuneration of other members of key management during the year is as follows:

	Group 2011 RM'000	Group 2010 RM'000
Salaries and other related costs	505	549
Benefits-in-kind	7	-
Director fees	35	35
	547	584

28. Commitments

(a) Capital commitments

	Group 2011 RM'000	Group 2010 RM'000
Capital expenditure		
Approved but not contracted for:		
Property, plant and equipment	422	720

(b) Operating lease commitments – as lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease term of 17 months. All leases are at a fixed rental charge.

Future minimum rentals receivable under non-cancellable operating leases at the reporting date are as follows:

	Group 2011 RM'000	Group 2010 RM'000
Not later than 1 year	6,450	6,007
Later than 1 year but not later than 5 years	2,383	8,833
	8,833	14,840

(c) Finance lease commitments

The Group has finance leases for certain items of plant and machinery and motor vehicle (Note 12). These leases do not have terms of renewal.

Notes to the Financial Statements (continued)
30 June 2011

28. Commitments (continued)

(c) Finance lease commitments (continued)

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group 2011 RM'000	Group 2010 RM'000
Minimum lease payments:		
Not later than 1 year	353	371
Later than 1 year and not later than 2 years	209	265
Later than 2 years and not later than 5 years	114	179
Total minimum lease payments	676	815
Less: Amounts representing finance charges	(53)	(67)
Present value of minimum lease payments	623	748
Present value of hire purchase liabilities:		
Not later than 1 year	315	333
Later than 1 year and not later than 2 years	200	246
Later than 2 years and not later than 5 years	108	169
Present value of minimum lease payments	623	748
Less: Amount due within 12 months (Note 23)	(315)	(333)
Amount due after 12 months (Note 23)	308	415
Analysed as:		
Due within 12 months (Note 23)	315	333
Due after 12 months (Note 23)	308	415
	623	748

29. Financial guarantees

The Company has provided corporate guarantees of RM1,400,000 (2010: Nil) to banks for credit facilities granted to subsidiaries at the reporting date. These amount represent the maximum exposure to credit risk of the Company arising from corporate guarantee.

30. Fair value of financial instruments

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Note	Group Carrying amount RM'000	Group Fair value RM'000
At 30 June 2011			
Financial asset:			
Investment securities (non-current) - Unquoted equity instruments, at cost	18	-	#

30. Fair value of financial instruments (continued)

(a) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value (continued)

	Note	Group Carrying amount RM'000	Group Fair value RM'000
Financial liabilities:			
Loans and borrowings (non-current)			
- Term loans	23	2,732	2,929
At 30 June 2010			
Financial assets:			
Investment securities (non-current)			
- Unquoted equity instruments, at cost	18	-	#
- Shares quoted in Malaysia	18	1	1
Financial liabilities:			
Derivatives	21	-	293
Loans and borrowings (non-current)			
- Term loans	23	2,910	3,165

Investment in equity instrument carried at cost less impairment (Note 18)

Fair value information has not been disclosed for the Group's and the Company investments in equity instruments that are carried at cost because fair value cannot be measured reliably. These equity instruments represent ordinary shares in companies that are not quoted on any market and does not have any comparable industry peer that is listed. In addition, the variability in the range of reasonable fair value estimates derived from valuation techniques is significant.The Group has fully impaired the investment.

(b) Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables	20
Trade and other payables	24
Loans and borrowings (current)	
- Bankers' acceptances	23
- Term loans - RM loan at BLR + 1.0% p.a.	23
- Obligations under finance lease	23
Loans and borrowings (non-current)	
- Obligations under finance lease	23

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature.

Notes to the Financial Statements (continued)
30 June 2011

30. Fair value of financial instruments (continued)

(b) Determination of fair value (continued)

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value (cont'd)

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of current loans and borrowings are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Finance lease obligations and term loans

The fair values of these financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

Derivatives

Call and put options are valued using a valuation technique with no market observable inputs. The applied valuation technique includes binomial tree options model. The model incorporate various inputs and assumptions which includes, among others, stock price's volatility, risk free rate and time step to generate the stock price trees and each probability of going up/down. Since this involves a private company, the share price is not known. The estimated stock price was based on Net Tangible Asset value per share. Volatility used in the model is based on average of yearly log return of the price-to-book ratio of comparable companies.

Financial guarantees

Fair value is determined based on probability weighted discounted cash flow method. The probability has been estimated and assigned for the following key assumptions:

- The likelihood of the guaranteed party defaulting within the guaranteed period;
- The exposure on the portion that is not expected to be recovered due to the guaranteed party's default;
- The estimated loss exposure if the party guaranteed were to default.

The fair value of all unexpired financial guarantees issued by the Company were deemed nil and were not recognised as financial liabilities, as based on the current and past repayment trends of the guaranteed parties, the likelihood of the guaranteed party defaulting within the guaranteed period were assessed to be remote.

31. Financial risk management objectives and policies

The Group and the Company are exposed to financial risks arising from their operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Group and the Company do not apply hedge accounting.

31. Financial risk management objectives and policies (continued)

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities and cash and bank balances), the Group minimises credit risk by dealing exclusively with high credit rating counterparties.

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

<u>Exposure to credit risk</u>

At the reporting date, the Group's and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statements of financial position.

<u>Credit risk concentration profile</u>

The Group does not have any significant exposure to any individual customer or counterparty nor does it have any major concentration of credit risk related to any financial assets. The Company has a significant exposure to credit risk arising from its amounts due from subsidiaries.

<u>Financial assets that are neither past due nor impaired</u>

Information regarding trade and other receivables that are neither past due nor impaired is disclosed in Note 20. Deposits with banks and other financial institutions and investment securities that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

<u>Financial assets that are either past due or impaired</u>

Information regarding financial assets that are either past due or impaired is disclosed in Note 20.

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manages its debt maturity profile, operating cash flows and the availability of funding so as to ensure that all refinancing, repayment and funding needs are met. As part of its overall liquidity management, the Group and the Company maintains sufficient levels of cash or cash convertible investments to meet its working capital requirements. In addition, the Group strives to maintain available banking facilities of a reasonable level to its overall debt position. As far as possible, the Group raises committed funding from financial institution and balance its portfolio with some short term funding so as to achieve overall cost effectiveness.

31. Financial risk management objectives and policies (continued)

(b) Liquidity risk (continued)

At the reporting date, approximately 27% (2010:15%) of the Group's loans and borrowings (Note 23) will mature in less than one year based on the carrying amount reflected in the financial statements.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's liabilities at the reporting date based on contractual undiscounted repayment obligations.

	2011 RM'000			
	On demand or within one year	One to five years	Over five years	Total
Group				
Financial liabilities:				
Trade and other payables	6,360	-	-	6,360
Loans and borrowings	1,151	1,398	1,642	4,191
Total undiscounted financial liabilities	7,511	1,398	1,642	10,551
Company				
Financial liabilities:				
Trade and other payables	8,983	-	-	8,983
Total undiscounted financial liabilities	8,983	-	-	8,983

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from their loans and borrowings.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 100 basis points lower/higher, with all other variables held constant, the Group's profit net of tax would have been RM69,399 higher/lower, arising mainly as a result of lower/higher interest expense on floating rate loans and borrowings. The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the respective functional currencies of Group entities, primarily Singapore Dollar ("SGD"), Thai Baht ("THB") and United States Dollars ("USD"), The foreign currencies in which these transactions are denominated are mainly SGD and THB.

Approximately 4.09% (2010: 3.95%) of the Group's sales are denominated in foreign currencies whilst almost 13.20% (2010: 12.38%) of costs are denominated in foreign currencies.

Notes to the Financial Statements (continued)
30 June 2011

31. Financial risk management objectives and policies (continued)

(d) Foreign currency risk (continued)

The financial assets and liabilities of the Group that are not denominated in its functional currencies are as follows:

	Group 2011 RM'000	Group 2010 RM'000
Denominated in SGD		
Trade receivables	358	416
Denominated in THB		
Trade payables	694	979

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the SGD and THB exchange rates against the functional currencies of the Group, with all other variables held constant.

		Group 2011 RM Profit net of tax
SGD/RM	- strengthened 5%	-17,885
	- weakened 5%	+17,885
THB/RM	- strengthened 1%	+6,938
	- weakened 1%	-6,938

32. Capital Management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions or expansion plans of the Group. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 30 June 2011 and 30 June 2010.

The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Group includes within net debt, loans and borrowings, trade and other payables, less cash and bank balances. Capital includes equity attributable to the owners of the parent.

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Loans and borrowings	23	4,191	3,930	-	-
Trade and other payables	24	6,360	23,275	8,983	5,018
Less: Cash and bank balances	22	(7,610)	(20,585)	(6,190)	(12,454)
Net debt		2,941	6,620	2,793	(7,436)

Notes to the Financial Statements (continued)
30 June 2011

32. Capital Management (continued)

		Group		Company	
	Note	2011 RM'000	2010 RM'000	2011 RM'000	2010 RM'000
Equity attributable to the owner of the parent, representing total capital	25	135,517	124,904	83,561	82,460
Capital and net debt		138,458	131,524	86,354	75,024
Gearing ratio		2%	5%	3%	-10%

33. Segment information

For management purposes, the Group is organised into business units based on their products and services, and has four reportable operating segments as follows:

I. Telecommunications and cables - trading, turnkey contracting, retailing, distribution and servicing of telecommunications equipment, and manufacture and marketing of power, telecommunications cables and wires.

II. Renting of properties

III. Wholesale - Wholesaler and processor of pharmaceutical, cosmetics, toiletries and other related products

IV. Others - Investment holding and provision of management services

Except as indicated above, no operating segments has been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss which, in certain respects as explained in the table below, is measured differently from operating profit or loss in the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

33. Segment information (continued)

Business segments

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments:

	Telecommunications and cables RM'000	Renting of properties RM'000	Wholesale RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000	Notes	Per consolidated financial statements RM'000
30 June 2011								
Revenue:								
Sales to external customers	26	6,195	29,283	-	-	35,504		35,504
Inter-segment	-	30	-	630	(660)	-	A	-
Total revenue	26	6,225	29,283	630	(660)	35,504		35,504
Results:								
Interest income	-	-	5	267	-	272		272
Interest expense	-	-	(312)	-	-	(312)		(312)
Depreciation	(2)	-	(667)	(54)	-	(723)		(723)
Share of results of associates	-	-	-	(1,811)	-	(1,811)		(1,811)
Income tax expense	-	-	(700)	5,082	-	4,382		4,382
Other non-cash expenses, net	370	-	-	670	-	1,040	B	1,040
Segment profit/(loss)	541	5,722	2,502	380	(1,811)	7,334	C	7,334
Assets:								
Investment in associate	-	-	-	22,009	-	22,009		22,009
Additions to non-current assets	-	75	719	7	-	801	D	801
Segment assets	208	90,832	20,314	10,073	26,885	148,312	E	148,312
Segment liabilities	(65)	(1,612)	(8,605)	(269)	(433)	(10,984)	F	(10,984)

33. Segment information (continued)

Business segments (cont'd)

The following table provides an analysis of the Group's revenue, results, assets, liabilities and other information by business segments (cont'd):

	Telecommunications and cables RM'000	Renting of properties RM'000	Wholesale RM'000	Others RM'000	Adjustments and eliminations RM'000	Total RM'000	Notes	Per consolidated financial statements RM'000
30 June 2010								
Revenue:								
Sales to external customers	300	5,322	13,718	-	-	19,340		19,340
Inter-segment	-	61	-	696	(757)	-	A	-
Total revenue	300	5,383	13,718	696	(757)	19,340		19,340
Results:								
Interest income	-	-	19	451	-	470		470
Interest expense	-	-	(283)	-	-	(283)		(283)
Depreciation	(7)	-	(337)	(55)	-	(399)		(399)
Share of results of associates	-	-	-	(1,486)	-	(1,486)		(1,486)
Income tax expense	-	(17)	(829)	(40)	-	(886)		(886)
Other non-cash expenses, net	(246)	-	(5)	(1)	-	(252)	B	(252)
Segment (loss)/profit	(549)	4,854	955	(470)	(1,486)	3,304	C	3,304
Assets:								
Investment in associate	-	-	-	23,280	-	23,280		23,280
Additions to non-current assets	-	2,498	9,267	4	-	11,769	D	11,769
Segment assets	1,798	90,758	18,239	21,434	23,834	156,063	E	156,063
Segment liabilities	(581)	(17,954)	(8,143)	(527)	(854)	(28,059)	F	(28,059)

Notes to the Financial Statements (continued)
30 June 2011

33. Segment information (continued)

Notes **Nature of adjustments to arrive at amounts reported in the consolidated financial statements**

A Inter-segment revenues are eliminated on consolidation.

B Other non-cash (income)/expenses consist of the following items as presented in the respective notes to the financial statements:

	Note	2011 RM'000	2010 RM'000
Gain on disposal of property, plant and equipment	5	(7)	(30)
Unrealised foreign exchange gain	5	-	(124)
Net fair value gains on derivatives	5	(668)	-
Property, plant and equipment written off	7	-	2
Inventories written down	7	19	12
(Write back of)/impairment loss on trade receivables	5, 7	(384)	373
Bad debts written off	7	-	19
		(1,040)	252

C The following items are deducted from segment profit to arrive at "Profit before tax" presented in the consolidated statement of comprehensive income:

	2011 RM'000	2010 RM'000
Share of results of associates	1,811	1,486

D Additions to non-current assets consist of:

	2011 RM'000	2010 RM'000
Property, plant and equipment	726	7,545
Investment properties	75	2,498
Intangible asset	-	1,726
	801	11,769

E The following items are added to segment assets to arrive at total assets reported in the consolidated statement of financial position:

	2011 RM'000	2010 RM'000
Investment in associate	22,009	23,820
Deferred tax assets	4,859	-
Tax recoverable	17	14
	26,885	23,834

F The following items are added to segment liabilities to arrive at total liabilities reported in the consolidated statement of financial position:

	2011 RM'000	2010 RM'000
Deferred tax liabilities	165	115
Current tax payable	268	739
	433	854

33. Segment information (continued)

Information about a major customer

Revenue from one major customer amount to RM6,010,000 (2010: RM5,250,000), arising from sales by the renting of properties segment.

34. Authorisation of financial statements for issue

The financial statements for the year ended 30 June 2011 were authorised for issue in accordance with a resolution of the directors on 12 October 2011.

Notes to the Financial Statements (continued)
30 June 2011

35. Supplementary information - breakdown of retained profits into realised and unrealised

The breakdown of the retained profits of the Group and of the Company as at 30 June 2011 into realised and unrealised profits is presented in accordance with the directive issued by Bursa Malaysia Securities Berhad dated 25 March 2010 and prepared in accordance with Guidance on Special Matter No. 1, Determination of Realised and Unrealised Profits or Losses in the Context of Disclosure Pursuant to Bursa Malaysia Securities Berhad Listing Requirements, as issued by the Malaysian Institute of Accountants.

	Group 2011 RM'000	Company 2011 RM'000
Total (accumulated losses)/retained profits of the Company and its subsidiaries:		
- Realised	(107,741)	(14,641)
- Unrealised	5,143	668
	(102,598)	(13,973)
Total share of (accumulated losses)/retained profits from associates:		
- Realised	(21,874)	-
- Unrealised	10,681	-
	(113,791)	(13,973)
Less: Consolidation adjustments	149,303	-
Retained profits/(accumulated losses) as per financial statements	35,512	(13,973)

Analysis of Shareholdings
as at 21 October 2011

A. SHARE CAPITAL

Authorised Share Capital	RM300,000,000 (600,000,000 ordinary shares of RM0.50 each)
Issued & Paid-Up Share Capital	RM97,533,825 (195,067,650 ordinary shares of RM0.50 each)
Voting Rights	One vote for each ordinary share held

B. DISTRIBUTION OF SHAREHOLDINGS

Size of Holdings	No. of Holders	No. of Shares	%
1 - 99	717	14,130	0.01
100 - 1,000	5,317	2,385,743	1.22
1,001 - 10,000	2,517	7,981,615	4.09
10,001 - 100,000	366	9,208,833	4.72
100,001 to less than 5% of issued shares	22	86,429,050	44.31
5% and above of issued shares	7	89,048,279	45.65
	8,946	195,067,650	100.00

C. THIRTY LARGEST SHAREHOLDERS

No.	Name of Shareholders	No. of Shares	%
1.	Tan Sri Dato' Tan Hua Choon	21,498,379	11.02
2.	Low Cheng Peng	13,185,600	6.76
3.	Wong Chee Choon	11,261,800	5.77
4.	Puan Sri Datin Poo Choo @ Ong Poo Choi	11,200,900	5.74
5.	Ong Wee Shyong	11,094,300	5.69
6.	Gan Lock Yong @ Gan Choon Hur	10,783,300	5.53
7.	Tan Ching Ching	10,024,000	5.14
8.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Huey Peng	9,604,000	4.92
9.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Eng Huat	9,386,400	4.81
10.	Chew Boon Seng	9,291,600	4.76
11.	Ong Har Hong	9,268,400	4.75
12.	Lim Siew Sooi	9,111,500	4.67
13.	Lee Pui Inn	8,894,800	4.56
14.	Ong Wee Lieh	8,701,700	4.46
15.	Chew Huat Heng	7,367,800	3.78
16.	Tan Han Chuan	6,073,800	3.11
17.	How Yoke Kam	4,734,300	2.43
18.	Ong Poh Geok	1,201,300	0.62
19.	Chia Ah Chor @ Chia Soo Itt	798,400	0.41

Analysis of Shareholdings (continued)
as at 21 October 2011

C. THIRTY LARGEST SHAREHOLDERS (CONTINUED)

No.	Name of Shareholders	No. of Shares	%
20.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Weng Chee @ Lai Kok Chye	499,800	0.26
21.	Tong Kim Fatt @ Allen Tong	318,360	0.16
22.	AIBB Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Batu Bara Resources Corporation Sdn Bhd	242,840	0.12
23.	Ng Bee Ling	165,000	0.08
24.	Teo Kwee Hock	160,300	0.08
25.	Sin Len Moi	145,700	0.07
26.	RHB Capital Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Beng Keat	140,000	0.07
27.	Syarikat Rimba Timur (RT) Sdn Bhd	120,000	0.06
28.	Ch'ng Siew Suan	102,850	0.05
29.	Ooi Chean See	100,200	0.05
30.	Ng Hin Yoong	100,000	0.05

D. SUBSTANTIAL SHAREHOLDERS

	Name of Shareholders	No. of Shares	%
1.	Tan Sri Dato' Tan Hua Choon	21,498,379	11.02
2.	Low Cheng Peng	13,185,600	6.76
3.	Wong Chee Choon	11,261,800	5.77
4.	Puan Sri Datin Poo Choo @ Ong Poo Choi	11,200,900	5.74
5.	Ong Wee Shyong	11,094,300	5.69
6.	Gan Lock Yong @ Gan Choon Hur	10,783,300	5.53
7.	Tan Ching Ching	10,024,000	5.14

E. DIRECTORS' INTERESTS IN SHARES

Name of Director	Direct Interest		Deemed Interest	
	No. of Shares	% of holdings	No. of Shares	% of holdings
Tan Sri Dato' Tan Hua Choon	21,498,379	11.02	27,298,700	13.99

Analysis of Warrant Holdings (Warrant "A")
as at 21 October 2011

A. WARRANTS 2003/2013

Issued	29,211,830
Exercised todate	NIL
Outstanding	29,211,830
Class of Securities	Warrants 2003/2013
Voting Rights	Every warrant holder present in person or by proxy shall be entitled by a show of hands to one (1) vote and every warrant holder present in person or by proxy shall be entitled on a poll to one (1) vote for each share to which such holder would be entitled at the exercise price on the exercise in full of the subscription rights represented by such holder's warrant.

B. DISTRIBUTION OF WARRANT HOLDINGS

Size of Holdings	No. of Holders	No. of Warrants	%
1 - 99	789	26,680	0.09
100 - 1,000	1,845	787,842	2.70
1,001 - 10,000	1,052	3,666,789	12.55
10,001 - 100,000	375	13,585,796	46.51
100,001 to less than 5% of issued warrants	50	11,144,723	38.15
5% and above of issued warrants	0	0	0.00
	4,111	29,211,830	100.00

C. THIRTY LARGEST WARRANT HOLDERS

No.	Name of Warrant Holders	No. of Warrants	%
1.	HSBC Nominees (Tempatan) Sdn Bhd HSBC (Malaysia) Trustee Berhad for Amanah Saham Sarawak	629,074	2.15
2.	Yee Kong Siong	600,000	2.05
3.	Ng Hong Sing	596,300	2.04
4.	Yeoh Tian Sang	578,137	1.98
5.	Yii Leh Kiew	373,000	1.28
6.	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG London for RAB- Northwest Fund Limited	368,259	1.26
7.	Kow Yeow Choong	339,043	1.16
8.	Mohd Desa Bin Senawi	320,000	1.10
9.	Chong Peck Yuen	314,537	1.08
10.	Mayban Securities Nominees (Asing) Sdn Bhd Exempt An for UOB Kay Hian Pte Ltd	277,532	0.95
11.	AMSEC Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Lembaga Kumpulan Wang Kawasan Konsesi Hutan	251,629	0.86
12.	Foong Wei Hon	231,000	0.79
13.	Dan Yoke Pyng	230,084	0.79
14.	Lawrence Albert Kueh Keh Siah @ Jui Sern	210,000	0.72
15.	Tie Ming Chuon	210,000	0.72

Analysis of Warrant Holdings (Warrant "A") (continued)
as at 21 October 2011

C. THIRTY LARGEST WARRANT HOLDERS (CONTINUED)

No.	Name of Warrant Holders	No. of Warrants	%
16.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Mohd Nadzri Bin Mohd Noor	200,453	0.69
17.	Public Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Gan Kim Hock	200,053	0.68
18.	Khoo Pui Sik	200,000	0.68
19.	Mohamad Takiudin Bin Abd Rahman	200,000	0.68
20.	Boon Chong @ Sia Boon Chong	200,000	0.68
21.	Lee Loo Fee	200,000	0.68
22.	Poh Wei Nee	199,900	0.68
23.	Citigroup Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Low Siew Moi	198,405	0.68
24.	Mohd Desa Bin Senawi	196,300	0.67
25.	Yong Khew Yeng	193,500	0.66
26.	Tan Tai Soo	192,681	0.66
27.	Krishna A/L V Dallumah	190,400	0.65
28.	Tee Chai Lok	190,000	0.65
29.	AMSEC Nominees (Tempatan) Sdn Bhd Assar Asset Management Sdn Bhd for Tabung Baitulmal Sarawak	188,722	0.65
30.	DB (Malaysia) Nominee (Asing) Sdn Bhd Deutsche Bank AG London for RAB-Northwest China Opportunities Fund Limited	183,972	0.63

D. DIRECTORS' INTERESTS IN WARRANTS

None of the Directors who held office at the end of the financial year had any interest in warrants 2003/2013 of the Company.

Analysis of Warrant Holdings (Warrant "B")
as at 21 October 2011

A. WARRANTS 2007/2013

Issued	55,733,340
Exercised todate	960
Outstanding	55,732,380
Class of Securities	Warrants 2007/2013
Voting Rights	Every warrant holder present in person or by proxy shall be entitled by a show of hands to one (1) vote and every warrant holder present in person or by proxy shall be entitled on a poll to one (1) vote for each share to which such holder would be entitled at the exercise price on the exercise in full of the subscription rights represented by such holder's warrant.

B. DISTRIBUTION OF WARRANT HOLDINGS

Size of Holdings	No. of Holders	No. of Warrants	%
1 - 99	283	11,323	0.02
100 - 1,000	917	483,202	0.87
1,001 - 10,000	710	2,321,108	4.16
10,001 - 100,000	110	3,191,761	5.73
100,001 to less than 5% of issued warrants	11	6,638,140	11.91
5% and above of issued warrants	12	43,086,846	77.31
	2,043	55,732,380	100.00

C. THIRTY LARGEST WARRANT HOLDERS

No.	Name of Warrant Holders	No. of Warrants	%
1.	Tan Sri Dato' Tan Hua Choon	6,370,998	11.43
2.	Low Cheng Peng	4,215,840	7.56
3.	Lee Pui Inn	3,600,720	6.46
4.	Ong Wee Shyong	3,547,168	6.36
5.	Ong Har Hong	3,454,200	6.20
6.	Gan Lock Yong @ Gan Choon Hur	3,447,720	6.19
7.	Puan Sri Datin Poo Choo @ Ong Poo Choi	3,371,680	6.05
8.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Ong Huey Peng	3,193,200	5.73
9.	Lim Siew Sooi	3,104,240	5.57
10.	Chew Boon Seng	3,002,800	5.39
11.	Tan Ching Ching	2,978,280	5.34
12.	Mayban Securities Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Eng Huat	2,800,000	5.02
13.	Ong Wee Lieh	2,656,520	4.77
14.	Tan Han Chuan	1,849,648	3.32
15.	Ong Poh Geok	515,220	0.92
16.	Ong Wan Chin	368,700	0.66
17.	Chia Ah Chor @ Chia Soo Itt	319,192	0.57

Analysis of Warrant Holdings (Warrant "B") (continued)
as at 21 October 2011

C. THIRTY LARGEST WARRANT HOLDERS (CONTINUED)

No.	Name of Warrant Holders	No. of Warrants	%
18.	Lau Geak Siam	200,000	0.36
19.	Wong Yuen Kiong	179,700	0.32
20.	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lim Ai Leng	179,500	0.32
21.	Mayban Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Lai Weng Chee @ Lai Kok Chye	156,760	0.28
22.	Yap Eng Hwa	110,000	0.20
23.	Yusof Bin Abdul Rahman	102,900	0.18
24.	Syarikat Rimba Timur (RT) Sdn Bhd	100,000	0.18
25.	Ngo Kin Wee	100,000	0.18
26.	ECML Nominees (Tempatan) Sdn Bhd Pledged Securities Account for Harry Lee Vui Khiun	100,000	0.18
27.	Khor Eow Sam	99,800	0.18
28.	HLG Nominee (Tempatan) Sdn Bhd Pledged Securities Account for Boon Kim Yu	80,900	0.15
29.	Tan Hou Bu	70,000	0.13
30.	Tan You Lang @ Dang Yew Ling	68,100	0.12

D. DIRECTORS' INTERESTS IN WARRANTS

Name of Director	Direct Interest		Deemed Interest	
	No. of Warrants	% of holdings	No. of Warrants	% of holdings
Tan Sri Dato' Tan Hua Choon	6,370,998	11.43	8,199,608	14.71

List of Properties
as at 30 June 2011

LOCATION	DESCRIPTION	EXISTING USE / AGE OF BUILDING	TENURE	NET BOOK VALUE AS AT 30.06.2011 (RM)	DATE OF LAST REVALUATION (R)/ DATE OF ACQUISITION (A)
Lot No. PT23533 HS(D) 40562 [formerly HS(D) 252/94] Mukim Sungai Petani District of Kuala Muda Kedah Darul Aman	Land approved for Commercial Development (Area: 153,554 sq. ft.)	Vacant	Freehold	3,100,000	12 August 2011 (R)
GM 1452 Lot 4722 and GM 335 Lot 32661, Mukim of Batu, District of Kuala Lumpur, State of Wilayah Persekutuan bearing postal address Lot 32661, Jalan Segambut, 51200 Kuala Lumpur	Land approved for Industrial Building Development together with 9 independent blocks of single storey warehouses erected thereon (Area: 432,754.80 sq. ft.)	Warehouse for rental/ 37 years old	Freehold	56,335,021	12 August 2011 (R)
GM 6242 Lot 54833, Mukim of Batu, District of Kuala Lumpur, State of Wilayah Persekutuan bearing postal address 368, Jalan Segambut, 51200 Kuala Lumpur	Land approved for Industrial Building Development together with a single storey office with four adjoining single-storey factories erected thereon (Area: 252,415.80 sq. ft.)	Office and Factories for rental/ 16 years old	Freehold	31,999,000	12 August 2011 (R)
GM 2415 Lot 4719 Mukim Batu, 4th Mile Railway Line, Daerah Kuala Lumpur, State of Wilayah Persekutuan, Kuala Lumpur	Land approved for Agricultural use (Area : 15,685 sq. ft.)	Land for rental	Freehold	2,498,111	7 December 2009 (A)
HS(M) 24693, PT 65497, Sungai Balak, Pekan Kajang, District of Hulu Langat, State of Selangor Darul Ehsan	Land approved for Industrial Building Development (Area : 34,983 sq. ft.)	Office and Factories/ 4 years	Freehold	4,468,150	28 August 2009 (R)

Proxy Form

FCW HOLDINGS BERHAD
(3116-K) (Incorporated in Malaysia)

I/We ....NRIC No./Company No. ……..............................…
(full name in block letters)

of ....
(full address)

being a member of FCW HOLDINGS BERHAD hereby appoint ……………………………..........................…

....NRIC No..
(full name in block letters)

of ....
(full address)

representing ………….............percentage (%) of my/our shareholdings in the Company and/or failing

him/her...NRIC No...
(full name in block letters)

of ....
(full address)

representing ………. percentage(%) of my/our shareholdings in the Company and/or failing him/her/them, the **Chairman of the Meeting**, as my/our proxy/proxies to vote for me/us on my/our behalf, at the Fifty-Sixth Annual General Meeting ("56th AGM") of the shareholders of the Company to be held at Bukit Kiara Equestrian and Country Resort, Dewan Berjaya Room, Jalan Bukit Kiara, Off Jalan Damansara, 60000 Kuala Lumpur, Malaysia on Thursday, 15 December 2011 at 11.00 a.m. or any adjournment thereof.

The proxy is to vote on the Resolutions set out in the notice of the 56th AGM as indicated with an `X' in the appropriate spaces. If no voting instructions are given, the proxy may vote or abstain from voting at his/her discretion.

RESOLUTIONS	FOR	AGAINST
Ordinary Resolution No. 1		
Ordinary Resolution No. 2(a)		
Ordinary Resolution No. 2(b)		
Ordinary Resolution No. 3		
Ordinary Resolution No. 4		
Special Resolution		

No. of shares held

____
Signature(s)/Seal

Signed this ______ day of ___________________ , 2011.

Notes :

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies (but not more than two) to attend and vote instead of him. A proxy may but need not be a member of the Company and the provisions of Section 149(1)(b) of the Companies Act, 1965 shall not apply to the Company. Where a member appoints two (2) proxies to attend the same meeting, the member shall specify the proportion of his shareholding to be represented by each proxy, failing which the appointment(s) shall be invalid.

2. The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing or, if the appointor is a corporation, either under the corporation's seal or under the hand of an officer or attorney duly authorised. The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

3. The Proxy Form shall be deposited with the Company's Registered Office at No. 8, 3rd Floor, Jalan Segambut, 51200 Kuala Lumpur, Malaysia not less than 48 hours before the time appointed for holding the meeting or any adjournment thereof.

FOLD HERE

STAMP

FCW HOLDINGS BERHAD (3116-K)

No. 8, 3rd Floor
Jalan Segambut
51200 Kuala Lumpur

FOLD HERE